THE EMPLOYERS'

Liability Assurance Corporation, Limited.

JUBILEE, 1930.

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HAMILTON HOUSE, VICTORIA EMBANKMENT,
Chief Office of the Corporation.

THE EMPLOYERS' LIABILITY ASSURANCE CORPORATION LTD.

1880-1930

THE EMPLOYERS' LIABILITY ASSURANCE CORPORATION LTD.

1880-1930

By

SIR HARRY PERRY ROBINSON, K.B.E.

with a Foreword by

SIR JOSEPH BROODBANK

LONDON:
WATERLOW & SONS LIMITED
1930

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FOREWORD

THIS book is issued by the Directors of The Employers' Liability Assurance Corporation as a Souvenir of the celebration of the Jubilee of the Corporation, which commenced its career on the 25th October, 1880.

The historian who may write of the events of the last half-century will, more than his predecessors, have to take into account the effect of commercial developments upon the social and political evolution of the world. Especially will he be compelled to have regard to the action of the British Parliament from time to time in enacting regulations for the protection of industrial workers both in the prevention of accidents and in the provision of compensation in cases where disablement or death has followed.

In recent years the contingency of unemployment has also become the subject of legislation, and this has gradually assumed a form which has raised misgivings such as never could be justified in the case of accident insurance. In this volume, however, we are only concerned with the earlier legislation relating to accidents.

It may be pointed out that broadly speaking the principle underlying the law of Workmen's Compensation as it stands to-day is that it is the duty of the Employer to indemnify the workman and his dependents against the contingency of loss of life or disablement occasioned to him by accident in the course of his employment, whether the accident is due to his own neglect or not. The first of these indemnifying acts was passed in 1880, and it was immediately following upon this act becoming law that The Employers' Liability Assurance Corporation was incorporated, having chiefly in view the provision of an insurance service for the benefit of Employers who were faced with the new liabilities imposed upon them. The Corporation was thus the pioneer of Employers' Liability Assurance in this country, and also became the

pioneer in the United States and other places abroad, as the example of the British Parliament was copied by the legislative bodies of other States.

The full story of the extension of the Employers' Liability principle and of the Corporation's action in adapting its machinery to meet the increased responsibilities of the Employer is related by Sir H. Perry Robinson in this volume. He shows moreover that after beginning by dealing with Employers' Liability only, the Corporation has from time to time extended its operations and become one of the most important composite insurance companies of Great Britain.

To have started only 50 years ago in a special department of insurance business, with no data on which to base an appropriate scale of premiums, and to have made such progress that all classes of insurance business are now transacted, with a total premium income which approaches £8,000,000 a year, excluding the income from its Life and Marine Companies, is an achievement upon which British commerce is entitled to congratulate itself.

The Directors deem themselves fortunate in having been able to persuade Sir H. Perry Robinson to undertake the writing of their story, and they feel sure that its interest must be enhanced by the skill and charm with which he tells it.

JOSEPH G. BROODBANK,
Chairman.

November, 1930.

SIR JOSEPH G. BROODBANK,
The Present Chairman.

CHAPTER I.

EMPLOYERS' LIABILITY.

WHEN The Employers' Liability Assurance Corporation came into existence half a century ago it was as the pioneer in a new and quite unexplored field.

Previous to the passage of the Act of 1880 employers in England were practically subject to no liability whatever for accidents or injuries to their employees, except in cases of undisputed negligence. The principle of what is known as "common employment" had in the course of years been developed to an extraordinary degree, resting not at all on any Act or Statute, but entirely on the decisions of successive judges. The principle itself was not of any age.

As long ago as the time of Charles II, it had been recognised in law that a master was responsible for the default or neglect of his servant acting in his service. When a coachman driving his master's coach caused injury to a pedestrian or to another person's carriage, if he were driving at the time in his master's service, it was held that his master was responsible.

In 1837, however, in the famous case of Priestly v. Fowler, a decision by the First Lord Abinger laid it down that this responsibility of a master for the fault of his servant did not extend to the case of injury to another servant. The particular case was that of a butcher's boy who had been injured by the breaking down of one of his master's carts which was overloaded, and on which he had to go about his business. The Court decided that he had no claim to recover damages because he and the driver of the

cart were fellow servants ; and on this frail foundation of the butcher's boy and an overloaded cart was raised the whole vast superstructure of the doctrine of common employment, taking no account of the fact that what might be just and proper in dealing with the relationship between master and servant in the case of a small employer, with only two or three workmen, became absurd when applied to vast corporations employing thousands of men, authority over whom had to be delegated and again delegated through innumerable degrees of responsibility.

In the course of the debates in Parliament on the Act of 1880 a number of cases were cited in which the application of the rule of common employment became obviously unfair.

Lord Selborne, in the Lords, quoted a case of a coal-mine wherein some men were employed in working a vein of coal on the side of a deep pit. A scaffold had been erected on the side of the pit to enable the workmen to open the vein. The scaffold impeded ventilation, which, by a duty expressly imposed on the master under Act of Parliament ought to have been kept in a proper state. Ventilation being thus obstructed, fire-damp formed and a boy who had no notion of any danger lit his lamp and was killed by the explosion which followed. It is evident that the boy had nothing whatever to do with the making of the scaffold. He had not disobeyed orders and did nothing which was not in the strict course of his duty; and yet the Court held that the boy and the principal agent were in common employment and the friends of the boy were not entitled to any compensation.

The Duke of Somerset presented a case in which in the course of building operations a hod man dropped a brick on another workman engaged in quite a separate occupation on the ground below. The majority of the cases of unfair working of the

principle, however, inevitably had to do with railway companies.

Mr. Sergeant Simon, the member for Dewsbury, in the House of Commons referred to the instance of a plate-layer who was run down by a railway train, and it was held that his representatives were not entitled to recover because he and the engine-driver were engaged in a common work. " Anything more monstrous in its injustice," he said, " than such reasoning it is impossible to conceive."

Mr. Gorst, the member for Chatham, brought up a case in which a gate-keeper on a railway had made an effort to save a horse and cart—the cart containing women and children—from being run over when crossing the line. He succeeded, but he himself was killed ; but his family could obtain no compensation because it was said that his death had been caused by the negligence of a fellow servant—the engine driver.

It is to be noted that the Scottish Courts had not followed the English in this matter.

In a case against the Caledonian Railway Lord Ardmillan refused to apply the doctrine of common employment to the case of a watchman who was standing with a lantern to warn trains crossing a spot on the railway which was under repairs. He was told precisely where to stand, and when standing there a train on another line came and knocked him down.

In the English Courts judges not seldom felt themselves compelled to apply the doctrine against their better judgment.

Lord Cockburn, when Lord Chief Justice, declared, referring to the case already mentioned, that he could not see how a plate-layer and an engine-driver could be held to be in common employment. Similarly a man was engaged in painting a shed on a railway when another man removing an engine ran into him and knocked him down. It was held that

he was not entitled to recover because of the community of the employment between himself and the engine-driver.

The Lord Chief Justice said that he was desirous that it should be understood that in applying the doctrine in these cases he did so " wholly out of deference to the authority of judges in former decisions. But for the decisions in these cases," he said, " I should have been disposed to think that a workman employed to do carpenter's work for a railway Company and the servants of the Company engaged in the conduct of the traffic of the railway were not in any proper sense fellow-labourers engaged in common work or under a common employment so as to exempt the master from liability for injury arising to one servant from the negligence of the other." None the less, in view of former decisions " we have no alternative but to discharge this rule, leaving the plaintiff to have recourse to a Court of Appeal if it is thought desirable that the principle involved should be further considered."

Not only did the Scottish judges differ from the English, but in France and in all countries where the *code civil* applied the doctrine was not recognised, and many of the States of the United States refused to acknowledge it.

Public opinion in England also generally revolted against the theory that a railway or mining Company, employing vast numbers of workmen, was practically immune from all claims of damages on behalf of any of its servants, though a stranger could recover damages against it. If two persons were travelling on a railway train, sitting together, and there occurred an accident, if one of them happened to be an employee of the Company travelling on his own private business, he would have no recourse for any injury he might sustain, while the other would have cause for action to recover damages. It was

obviously anomalous that there should be this discrimination between two classes of the public and that all workmen of large corporations should be under this disadvantage, as compared with everybody else.

The existence of this anomaly had long been recognised and two Bills—one in 1873 and one in 1878—had been introduced by the Conservative Government with a view to rectifying the evident injustice of the situation. Neither Bill, however, was pushed to passage. There had also been a Royal Commission on the subject as well as a Parliamentary Committee. Both had recommended legislation of some sort, and at the General Election of 1879 the subject had played a very considerable part, with the result that when the Liberal Government came in it promptly set about an effort to obtain the passage of some legislation.

The debates upon the Bill as finally introduced as a Government measure (for a private Bill was introduced by Mr. Brassey, then member for Hastings, but withdrawn) make curious reading to-day. They occupy almost uncountable pages of Hansard. On the one hand nobody was willing to appear as an antagonist to the principle of the Bill, for there was undoubtedly a large popular demand for some legislation on the subject, and neither party was willing to appear to be opposing that demand. On the other hand, there was equally unanimous lack of enthusiasm for the Bill itself. Even Mr. Gladstone could find nothing better to say for it than that some form of legislation was necessary.

Sir Henry Jackson said, in supporting the Bill : " Not that the House likes it, it doesn't. Feeling in the House is against it and its true supporters are few and far between." Mr. Craig, member for North Staffordshire, declared that it was liked neither by the employers nor by the employed. Lord

Cranbrook declared that the Bill simply " bristled with litigation." It was called " an arbitrary, slovenly and ill-considered piece of amateur legislation." Even the President of the Local Government Board, Mr. Dodson, who was sponsor for the measure, found it necessary to say that he admitted that it " did not embody all that honourable members desired."

In addition to this half-heartedness on the part of the Bill's supporters, there was frank hostility, not to the principle but to the Bill itself, on the part of the mining and railway interests. " I do not know any man who endeavours to retain the respect of his neighbours who will remain in the profession of colliery management after the passing of this Bill," said Mr. Craig.

Mr. Knowles, member for Wigan, said that it would " destroy the freedom of contract between employer and employed and go back to the days of serfdom and slavery." " The coal and iron properties in this country," the House was told, " would be very largely depreciated in value and gross injustice inflicted on those who had invested in such properties." It would be difficult, if not impossible, to compete with foreign countries.

The burden that was put upon large employers, Mr. Schreiber, member for Cheltenham, asserted, was greater than they could bear : " the iron-masters of the country will have to close their works."

Mr. Pease, member for S. Durham, declared that it would do very much more harm to the working classes of the country than it would do good. Above all, it would bring into the mining districts " That greatest of all pests, the ill-bred attorney ; " and this fear of litigation and of " the pettifogging lawyer " runs all through the debate.

In view of the present depressed condition of the coal industry it is more or less encouraging to read

that in 1880 Mr. Thompson assured the House of Commons that " the thousands of pounds invested in the coal trade had not, during the last three months, produced one farthing of profit, and to that depression in trade they were going to add a further liability, and if the liabilities of the employer were to be so much increased no doubt many of the mines would have to be closed."

In spite of all this, the Bill passed, nobody really liking it, but everybody acquiescing in the view that some legislation was necessary, and all being equally unwilling to pose as opponents of the just claims of the working man.

Throughout the debate, however, it was always asserted and not denied, that the working-man was not, in fact, suffering any injury. Employers were acknowledged to be humane and generous, but the workmen objected to having to depend on humanity and generosity. They wanted their rights established and to be put on the same footing as the rest of the public.

When the Bill was in Committee, days were spent in trying to discover some formula for defining the precise extent to which it was desirable to modify the doctrine of common employment. Nearly all speakers recognised that sooner or later the whole principle would have to be abandoned but nobody was willing to think that the time was ripe for it yet. In general, there seemed to be unanimous agreement to the proposition that one workman ought not to be able to recover damages against a master for the act of a fellow workman of the same grade, engaged in the same work. As Lord Selborne said : " Servants under a common service contract to bear all the risks incident to that employment." Mr. Craig told the House of Commons : Workmen of the same grade must " all work together as one

man and exercise that care and supervision which is necessary to the common safety," but precisely where between the fellow workman of the same grade and the actual supreme head of the company the line was to be drawn, everybody found it very difficult to say. As the Employers' Liability Act was finally passed it provided that :—

" Where personal Injury is caused to a workman :

" 1. By reason of any defect in the condition of ways, works, machinery, or plant connected with or used in the business of the employer ; or

" 2. By reason of the negligence of any person in the service of the employer who is in superintendence entrusted to him whilst in the exercise of such superintendence ; or

" 3. By reason of the negligence of any person in the service of the employer to whose orders or directions the workman at the time of the injury was bound to conform and did conform, where such injury resulted from his having so conformed; or

" 4. By reason of the act or omission of any person in the service of the employer done or made in obedience to the rules or bye-laws of the employer, or in obedience to particular instructions given by any persons delegated with the authority of the employer in that behalf ; or

" 5. By reason of the negligence of any person in the service of the employer who has the charge or control of any signal, points, locomotive, engine or train upon a railway,

the workmen or, in case the injury results in death, the legal personal representative of the workman and any persons entitled in case of death shall have the same right of compensation and remedies against the employer as if the workman had not been a workman or not in the service of the employer, nor engaged in his work."

SIR COURTAULD THOMSON, K.B.E., C.B.,

All sorts of ingenious efforts were made to amend these formulae, and many hours were spent in discussing substitutes for them, as that the workman was entitled to recover if he was injured through "the negligence of any person in the service of the employer, except such workman as may be engaged in the same working place, and working together as partners with the person injured."

Another amendment wanted to insert the words : " the negligence of any person in the service of the employer and not then engaged either alone or with others in manual labour."

Another form of words which was debated at great length was : " By reason of the negligence of any person in the service of the employer engaged in a branch or department of such service separate and distinct from that in which the workman was engaged."

Another proposal was the use of the words : " Any workman over whose conduct a fellow workman had no real control."

The House conscientiously tried, in fact, to decide who was a fellow-workman and who was not : how to define the relationship or lack of relationship between two employees of the same concern which ought to justify the right of one to claim damages as the result of the negligence of the other ; but the general impression the debate leaves on the mind of a reader to-day is one of curious unreality. Nobody seemed to think that this was a good Bill, or precisely what a good Bill would be, but undoubtedly the workmen were clamouring for something and something had to be given them ; and one is not surprised to find Mr. A. J. Balfour—as he then was—maintaining with characteristic whimsicality that there was certainly an anomaly to be corrected and that workmen and the public had to be on the same footing ; but, inasmuch as there was so much

difficulty in deciding how to increase the privileges of the workmen to put them on a level with the public the only obvious thing was to go the other way about and take away the privilege from the public, so putting them on the same footing as the workmen.

In addition to the sense of unreality is an irresistible impression that beyond a few of the coal owners, only a small number of the members knew much of what they were talking about. This impression is borne out by a story that is told of a conversation which was overheard by one of the founders of The Employers' Liability Assurance Corporation. As two members left the House together he heard one ask the other " What is the meaning of this ' common employment ' they talk so much about ? What employment is it that is so much commoner than any other ? "

Meanwhile throughout the debate there had been constant reference to the subject of insurance, either compulsory under the supervision of the Government, or voluntary on some basis of agreement between the Employers and their men. Nobody, however, had anything by the vaguest idea of how any scheme of insurance was to be approached, but Mr. Gladstone, doubtless feeling himself quite safe, promised that if any well considered plan of insurance were to be submitted the Government would be glad to give it full consideration.

There was much diversity of opinion as to whether the insurance should be compulsory and under Government guarantee or not. Mr. Inderwick said that he had given the matter of insurance considerable attention and he thought the desirable course to take, if a scheme of insurance were considered indispensable would be to give the employer the opportunity of relieving himself from liability by effecting an insurance on behalf of each workman

under Government guarantee, so that the payment should be absolutely secured. "If the master chose to avail himself of this authorised mode of insurance he should be entirely free from liability. The man injured would be certain of his compensation ; and he might not have the same certainty in the case of mutual insurance Companies. If the master did not choose to avail himself of the means of insurance authorised, his liability would be unlimited and he could be bound to pay his workman such compensation as a tribunal might award."

Sir Henry Jackson, member for Coventry, urged the necessity of fixing some maximum penalty to which employers would be liable. He suggested a limit of £100. An employer then at least would know the worst, and he might take steps to secure himself by insurance. "I suppose," he said, "that the course he will take will be to ascertain the number of his employees and multiplying that number by the extreme limit of the sum fixed, to induce as many persons in the same peril as himself as he can to form some sort of combination by which they may cover their liabilities up to the amount of the maximum sum they would have to pay in case of the greatest imaginable disaster. For years the actuarial value of these risks will be difficult to assess, but eventually they will be discovered. Large premiums on such insurances will have to be paid and the capitalised value of these premiums will represent the burden which this Bill is proposing to put on the struggling industries of this country." He wished clauses to be inserted in the Bill "facilitating arrangements for insurance between employers and employed." With such an arrangement and a maximum sum fixed it would obviously "tend to promote Insurance which means providence and economy."

Mr. Pease, member for S. Durham, supported

Sir Henry Jackson and believed it was essential that the Bill should deal with the question of insurance.

Many members feared that without an insurance feature which would assist employers and their men to get together in a friendly spirit to protect themselves, the result of the Act would be to cause friction and to destroy the kindly relations already existing.

" Employers of labour," said Mr. Walton, " I have heard on good authority, are disposed to be very generous and to be ready for insurance purposes to pay down sovereign for sovereign with their workmen." Was it not worth while then to enquire whether a system of insurance which would work satisfactorily to all parties could not be devised ?

There was a good deal of fear that one result of the Bill would be to make employees give up the support of the Friendly Societies which had been developing of recent years. If that were so, the place of these societies would have to be taken by some arrangement of an insurance nature between masters and their men, which system would have to be made compulsory.

Mr. Knowles, member for Wigan, thought there would be no injustice in masters saying to their men : " We engage you in a dangerous occupation and you will contribute your penny or your twopence a week and we will do the same in order to make provision for yourself and family in case of injury during your hazardous employment, or to provide for your widow and orphans if you are killed." Such a system, he believed, should be made compulsory.

Meanwhile, however, it was stated and left uncontradicted, that the actual number of accidents covered by the Bill would not exceed more, probably, than 5 per cent. of all those to which workmen were liable and Mr. Joseph Chamberlain, in supporting the Bill as it stood, ridiculed the suggestion of compulsory insurance to cover only

5 per cent. of the cases arising.

Lord Randolph Churchill thought that an amendment which would put employers in a position where they would be compelled to enter into a general and combined system for the insurance would be an excellent thing.

Mr. Rylands, member for Burnley, was quite willing to support any general system of Insurance, but he did not believe in anything less than a complete and compulsory scheme incorporated in the Bill.

Sir Edward Watkin also hoped the Government would be ready to consider some reasonable scheme of insurance, but the present Bill merely "threw a penal measure at the heads of the employers." He did not see how under this Bill—which established a quite indefinite risk, which might be £5 in one case and £5,000 in another—it was possible on actuarial lines to prepare any reasonable scheme by which employers could insure themselves.

It is not surprising that with so much talk of insurance, however vague, practical men should immediately set to work to devise some scheme of insurance to meet the necessities of the case and as a matter of history it is believed to be a fact that the first suggestions of the formation of The Employers' Liability Assurance Corporation were made in a conversation which took place, before the Bill was actually passed, in the Lobby of the House—though another version represents it as having taken place in a certain London club.

BIRTH OF THE CORPORATION.

THE chief participants in this conversation, wherever it took place, seem to have been Mr. Leopold Salomons and Mr. Samuel Watson, of the firm of solicitors Watson, Sons & Room.

Mr. Salomons was a well known figure in financial circles at the time and joined the Board on its permanent organization. In his address to the shareholders at the Annual Meeting of 1909, Lord Claud Hamilton, in speaking of the successful investments of the Company's funds said :—

" Every Director has naturally taken his share in carefully considering the securities in which we should invest our money, but I think I should say how specially indebted we are, and have been in the past, to Mr. Leopold Salomons who, from his financial knowledge, has been a very true guide to his brother Directors in the investment of the large sums they have had to dispose of from time to time."

Mr. Salomons was a member of the Board for 35 years, until his death, when Lord Claud Hamilton, at the Annual Meeting of March, 1916, referred very feelingly to the late Director. He said :—

" He was the founder of this Corporation and one of the original Directors, and his great financial ability helped us to steer clear through many shoals which confronted us at the commencement of our career as a Company."

It is worth noting that it was to fill the vacancy caused by Mr. Salomons' death that Mr. Broodbank —now Sir Joseph Broodbank and the present Chairman of the Corporation—was elected, he being at the time Chairman of the Dock and Warehouse Committee of the Port of London Authority.

Mr. Watson was destined to be associated with the Company for an even longer time. His firm were the original solicitors of the Corporation. It was not until 1921 that Mr. Watson died. In paying tribute to his work for the Corporation, Lord Claud, at the Annual Meeting of 1922, spoke of him as : " A gentleman of very acute mind and a very large and warm heart, who took extraordinary interest in the affairs of the Corporation, and I owe him personally a great debt of gratitude for the manner in which—when the Company was first formed—he invariably assisted me, as its first Chairman, to endeavour to place it on a sound foundation."

These two men, then, were, more than any others, the founders of The Employers' Liability Assurance Corporation. Being convinced of the goodness of the cause they did not waste any time. The Company was registered immediately and the Certificate of Incorporation is dated October 25th, 1880—the Certificate being signed by Ernest Cleave, Assistant Registrar of Joint Stock Companies.

The Memorandum of Association set forth the object for which the Company was established as follows :—

" (A) To grant, make, effect or procure insurances to protect principals and employers, and otherwise to indemnify principals and employers from or against liability by reason of injury, damage, or loss occurring to or caused by agents, servants and workmen, or other employees in their employ or acting on their behalf.

" (B) To grant, make, effect or procure insurances to protect principals and employers, and otherwise to indemnify principals and employers from or against injury, damage or loss by reason of the fraud or other misconduct of persons in their employ or acting on their behalf.

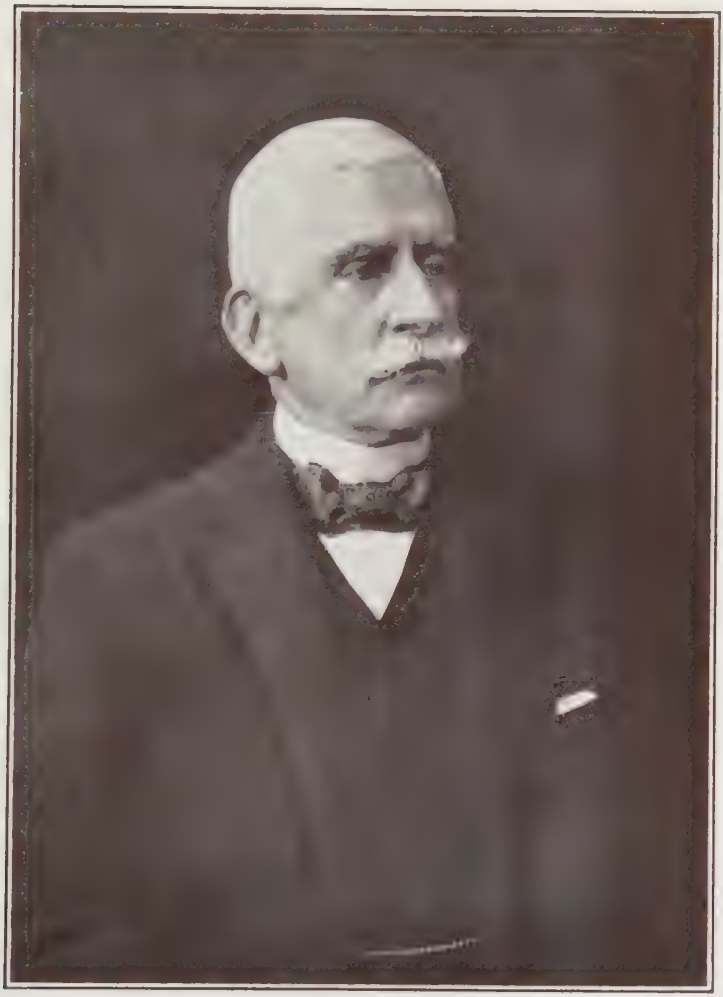
" (c) Subject to a special resolution or special resolutions of the Corporation in this behalf first passed, to do, undertake, carry out, or assist in all or any of the following things and matters, namely :—

" I. To grant, make, effect or procure insurances against or upon the contingency of injury, damage or loss by reason of accidents of any description to human beings, horses, cattle and other animals, or real or personal property of any kind.

" II. To grant, make, effect or procure insurances against or upon the contingency of injury, damage or loss caused by or resulting from fire, explosion, lightning or the overflow or inundation of water.

" III. To purchase, acquire, or take over the business or goodwill, or any part or parts thereof, of any corporation, company or association already formed for the same or similar objects, or any or either of them, or in any way approximating thereto, and as incidental thereto to acquire, hold, retain and dispose of any shares, debentures or other interest in any such corporation, company or association, and to issue or transfer shares, debentures, or other property of the Company to any person or persons, and generally to carry out and effectuate such purchase or acquisition upon any terms and in any manner which the Company may approve of."

In addition, " as incidental to the above objects," the Company took large powers to effect re-insurances, to enter into contracts or other arrangements, to bring, prosecute or defend legal proceedings, to grant loans, to purchase, lease, acquire or sell property, real or personal, to take deposits for long or short periods as well as " to do, undertake and engage in all such acts, matters, or things as may be incidental or conducive to the attainment of the



LORD CLAUD HAMILTON,

Original Director and first Chairman of the Corporation, 1880–1924.

above objects or any of them."

The nominal capital of the Company was stated to be One Million pounds, divided into 50,000 shares of £20 each, power being reserved to divide the shares so created, etc. As a matter of fact in the following February a meeting of the Promoters of the Corporation was held, when it was decided to change the Share capital into 100,000 shares of £10 each.

A first meeting of the subscribers to the Memorandum of Association was held on December 30th, 1880. In the following February Lord Claud Hamilton, then a Member of Parliament and Deputy Chairman of the Great Eastern Railway Company, consented to become Chairman of the Corporation. In speaking on the subject in his first Annual report he told of his being approached and said :—

" I replied that if I could be certain of having a board of influential gentlemen around me, thoroughly conversant with commercial matters and large commercial undertakings, I should be very happy to assume the conduct of your affairs. We succeeded, fortunately, in collecting a good and very strong board and we held our first meeting on the 10th of March, 1881."

It was under date of Wednesday the 9th of March that the prospectus of the Company was issued and applications invited for the first issue of 50,000 shares of £10 each. Ten shillings per share was payable on application, ten shillings per share on allotment and £1 per share three months after allotment, no further call being contemplated. The lists were to close on the following Monday, by which date the shares were over-subscribed by some 68 per cent., the total number applied for being 84,000. Lord Claud Hamilton was right in speaking of the Board as good and very strong. The first list of Directors, etc., was as follows :—

Chairman—LORD CLAUD J. HAMILTON, M.P. (*Deputy-Chairman, Great Eastern Railway*).

C. F. H. BOLCKOW, ESQ. (*Chairman, Bolckow, Vaughan & Co., Limited, Middlesbro'*).

HENRY CURRER BRIGGS, ESQ. (*Chairman, Henry Briggs, Son & Company, Limited, Whitwood Collieries, Normanton, Leeds*).

ARTHUR B. FORWOOD, ESQ. (*Messrs. Leech, Harrison & Forwood, Liverpool*).

SIR STUART S. HOGG (*Director-General, Steam Navigation Company*).

HENRY W. MAYNARD, ESQ. (*Director, London & St. Katherine Docks Co.*).

ROBERT MILBURN, ESQ. (*Director, City of London Brewery Company, Limited*).

PHILIP H. WATERLOW, ESQ. (*Chairman, Waterlow & Sons, Limited*).

DIRECTORS IN SCOTLAND.

W. HALDEN BEATTIE, ESQ. (*Messrs. William Beattie & Sons, Builders, Edinburgh*).

JAMES HAMILTON, ESQ. (*Late of Barclay, Curle & Co., Shipbuilders, Treasurer to the Corporation of Glasgow*).

JOHN K. WATSON, ESQ. (*Manager, Edinburgh Gas Light Company*).

JOHN YOUNG, ESQ. (*Messrs. Edington & Sons, Phoenix Iron Works, Glasgow*).

BANKERS.

THE NATIONAL PROVINCIAL BANK OF ENGLAND, LIMITED, 112, Bishopsgate Street, London, and Branches.

THE CLYDESDALE BANKING COMPANY, Glasgow, and its Branches.

BROKERS.

W. CUTHBERT QUILTER, ESQ., 14, King's Arms Yard, London, E.C.

MESSRS. MITCHELL, WATSON & WINK, 75, St. George's Place, Glasgow.

SOLICITORS.

MESSRS. WATSON, SONS & ROOM, 12, Bouverie Street, Fleet Street, London, E.C.

MESSRS. MONCRIEFF, BARR, PATERSON & CO., 45, West George Street, Glasgow.

AUDITORS.

MESSRS. QUILTER, BALL & CO., 5, Moorgate Street, E.C.

CONSULTING ACTUARY.

WILLIAM FARR, ESQ., M.D., C.B., F.R.S., &c. (Late Chief of Statistical Department of the General Register Office).

SECRETARY (pro tem) :

J. WHITTALL, ESQ.

TEMPORARY OFFICES :

41, Coleman Street, London, E.C.

In the course of the following weeks the Board of Directors was largely reconstituted by the co-option of additional members, until the full Board consisted of :—Lord Claud Hamilton, C. F. H. Bolckow, H. C. Briggs, Sir Stuart S. Hogg, N. B. Barrington-Kennett, Robert Milburn, Philip H. Waterlow, W. H. Maudslay, A. Bower, R. O. White, H. Chapman, J. G. Watson, Leopold Salomons, Ronald Johnston, C. Thomas, A. B. Forwood and H. W. Maynard. Of these, however, Messrs. Briggs and Barrington-Kennett and Sir Stuart Hogg retired before the end of the year.

Of the above names it is interesting to note that Mr. (now Sir) Philip Waterlow, is still a member of the Board.

The Prospectus set forth that—

" The primary object of this Corporation is to enable Employers to protect themselves by means of Insurance against the liability imposed upon them by the Employers' Liability Act, 1880, and its necessity is already amply proved by the numerous applications for rates received since its registration, from some of the largest and most influential firms in the kingdom.

" The establishment of this Company will enable Employers to dispense with the necessity of endeavouring to arrange with their workmen to contract themselves out of the Act, and, by offering insurance facilities to both masters and men, will solve a question which has already caused a certain amount of ill-feeling between them."

The Prospectus then sets forth all cases in which employers were, under the Act, made liable for compensation for injuries suffered by their workmen in their service, which cases have been quoted already in the previous chapter.

" In case of any such personal injury to a work-

man," the Prospectus continues, " the employer is liable to the extent of three years' earnings, and thus it will be seen that the pecuniary responsibility imposed upon an employer by this Act is wide in extent and serious in nature."

The Prospectus further foreshadowed the intention to insure against all accidents to workmen, without regard to the question of the employers' liability, and set forth the advantages of Insurance Shares as an investment by quoting the market prices on that date of a number of other Companies.

The first Policy issued by the new Company was dated 12th May, 1881, being written for the premium of £5 7s. 3d. for Frederick Parke of the Withnell Fire Clay Works, near Chorley, Lancashire, the substance of the policy being that :

" The Corporation, so far as regards injuries caused during the period covered by the premium so paid as aforesaid or any further period in respect of which the Corporation shall accept a premium or premiums, shall pay to the employer all sums which such employer shall become liable for under or by virtue of the Employers' Liability Act 1880 as and for compensation for personal injury caused to any workman in his service while engaged in the employer's work in either of the occupations and at any of the places mentioned in the schedule hereto, such payment to be made within one calendar month of the receipt by the Directors of the Corporation of evidence satisfactory to them of such liability."

The Policy is signed on behalf of the Corporation by Henry Chapman and Leopold Salomons as Directors and by S. Stanley Brown as Secretary.

Among the very early documents still existing in the archives of the Corporation is a Memorandum of Agreement between the Engine Boiler and Employers' Liability Insurance Company and The Employers' Liability Assurance Corporation, the

terms of which are pleasantly brief, the whole agreement reading as follows :—

" The first parties agree to act as agents in Scotland for the second parties receiving therefor the usual commission of 10 per cent. and in return the second parties agree to send to the first parties receiving the usual commission of 10 per cent. any boiler insurance which may come in their way in the course of business in Scotland but the second parties are to be in no way bound to make it obligatory on the assurers under their Policies to insure their boilers."

The Agreement bears no date except the stamp of the Scottish Revenue office which shows it to have been stamped on the 1st of March, 1882. The Agreement is signed on behalf of the Directors by Mr. J. G. Watson and Mr. Salomons and again by S. Stanley Brown as Secretary, among the witnesses being " F. Norie-Miller of London, Clerk," the gentleman who is now, after nearly 50 years, the well-known Director and General Manager of the General Accident Insurance Company of Perth.

Mr. S. Stanley Brown, who signs both these documents as Secretary, was appointed General Manager of the Company on April 21st, 1881, when there was also an independent Secretary to the Corporation. After a few weeks, however, it was decided that it would be better that the General Manager should have complete authority over the whole staff of the Corporation and the title and duties of Secretary were given to Mr. Brown in addition to his general manager-ship. He relinquished the title of Secretary in 1907, but continued in the capacity of General Manager until 31st December, 1911, when he retired by reason of failing health. In announcing his retirement to the shareholders at the Annual Meeting, Lord Claud Hamilton said :

" You, of course, are just as sorry to lose him as are

the Directors and the staff. We thought, however, that he was wise to retire, and he was able to retire at a moment when he felt that the Company, very largely due to his efforts was in a really sound and flourishing condition. We have asked him to join us on the Board and he has done so and we hope that we shall for many years have the benefit of his advice and experience and that the rest he will now be able to enjoy will restore him to his former health."

This, however, was not to be. Mr. Brown only lived to enjoy the ease of his retirement for less than four months ; he died on the 29th April, 1912.

This habit of continuous service with the Corporation seems to have been characteristic of a very large proportion of its officers and employees as will be seen hereafter.

Among the other interesting documents of these early days are two policies issued in the month of May, 1881, which are still in force. One dated May 26th in that year to Mr. William Henry Garwood of 114, Beckenham Road, Beckenham, is a General Accident policy for £1,000. Mr. Garwood is, therefore, the Corporation's oldest living policy-holder.

The other was issued five days later (that is, on May 31st, 1881) in the name of Alfred E. Timaeous, trading as C. T. Timaeous of 90, High Street, Bedford, Printer, Bookseller and Stationer, in respect of his liability under the Act of 1880. A Policy with the same firm has been continuously in force from that day to the present time. It is still in force, granting now indemnity in respect not only of the liability imposed under the Act of 1880 but all the various Acts subsequently passed on the same subject. In 1895 the firm's name changed to C. E. Timaeous, trading as C. F. Timaeous, but the Policy remains and it is signed on behalf of the Company half a century ago next May by Mr. Waterlow.

At the first Annual Meeting held on April 27th,

1882 at the Cannon Street Hotel, the Chairman was able to tell the shareholders that the result of nine months' operations was a premium income of £35,707, of which over £30,000 was insurance against liabilities under the Act of 1880. Out of the profits the Corporation was able to write off £2,500 of the preliminary expenses of £7,500 and pay a dividend of 5 per cent., a result which not many companies are able to show after nine months' operations. The Corporation already had 780 agents.

In the following year the premium income had increased to £63,598 and the Corporation had 1,244 agents appointed. It was able to write off the remaining £5,000 of the preliminary expenses and to declare a dividend of $6\frac{1}{4}$ per cent.

The third year was a difficult year, but the premium income showed a slight increase to £66,938. The Corporation now had 1,500 agents and a dividend was declared of $5\frac{5}{8}$ per cent. The Company, however, was feeling to the full the difficulties which confronted it as a pioneer in an entirely new field, in which it was exposed to excessive and sometimes unscrupulous competition.

Before touching on this question of competition and ratecutting, however, word must be said of the incalculable advantage which the Corporation derived in having such a man as Lord Claud Hamilton as its first chairman.

Lord Claud was already well known to the investing public as a Member of Parliament and through his connection with the Great Eastern Railway and in other ways, and came to be recognised almost as the ideal Director. As Chairman of a Board he was one of those men whom it is impossible to suspect of anything but complete integrity and he possessed, in addition, a quite unusual charm (if coupled with a certain masterfulness) of manner and consummate

tact, together with the highest principles in regard to public affairs quite devoid of any taint of cant. As a member of Parliament and as one associated with great enterprises he had not liked the Bill when it was before the House any more than anybody else, but he recognised its necessity and he believed that whatever faults it might have, it was working in the right line. In his first address as Chairman, he said :

" There were some people who said that the Act would be most disastrous to the employers of labour, and that it would be impossible for them to contend against it owing to the gigantic liabilities which it would impose upon them in regard to accidents. There were others, on the other hand, who said the Act would be hardly of any avail whatever to the workmen. I think the prophecies of both these parties have been falsified. The Act is proving to be unquestionably of benefit to the working classes and at the same time I think with a very few exceptions it has not fallen very heavily upon the employers of labour throughout the country."

He foresaw that whatever the liabilities were under the Act, they would be increased. In the first instance the workmen themselves, as he said, " did not yet fully appreciate the benefits which this Act has extended to them." He saw that the ratio of claims to accidents was beginning slowly but surely to increase, and he ascribed it to the fact that the workmen were gradually becoming alive to the benefits which the Act had given them.

He also rightly believed that there was not the smallest chance of any retrograde action on the part of Parliament, but that any future amendment to the existing Act or other legislation which might be achieved would surely be in the direction of increased benefit to the working men.

More than this, Lord Claud Hamilton lifted the operations of the Company, as they deserved to be

HENRY CHAPMAN, C.E.,

Original Director and first Deputy Chairman, 1880–1909

lifted, on to a high level by refusing to consider it merely, as he said, " as a money-making concern." He took the ground that the Corporation was a great boon to the working men in various ways. Conspicuously it compelled employers to greater care in the prevention of the causes of accident by the simple process of refusing to insure those whom it did not consider to be taking the proper precautions. At only the Second Annual Meeting he said on this subject ·

" In one case we refused absolutely to renew the Policy of an employer because we considered that he did not take reasonable care to provide against the risks to which his men were liable, and the result of our refusal was that in a few weeks' time the employer came back to us and said : ' I have come back to your office because I felt that I did not take sufficient precaution against those risks. I have altered what you required, will you now insure me ? ' Under these circumstances we immediately re-insured him."

In this way the Company acted directly to increase the safeguards to life and limb of the working men. In another way also it was of benefit because—but it will be best to quote Lord Claud's own words at a later meeting :

" It has been said by those who wish to curry favour with the working classes—by some of those agitators whose doings we read of in the papers—that this Corporation was started to deprive workmen of the benefit which they derived under the Act of Parliament. When the Act was passed my colleagues and I conferred together and said that if this Corporation could debar the privileges of workmen under the Act we should have nothing to do with it, but on the contrary, if the Corporation would prove of advantage to workmen as well as to employers, we would endeavour to promote its interests, and our experience (and I am quite sure

our General Manager will bear me out) has proved that we are of benefit not only to employers but also to those whom they employ. We have now a Committee of the Board who sit weekly in regard to accidents and they have by experience arrived at such a correct knowledge of what accidents come within the Act and what are outside it that whenever an accident occurs within the Act they take prompt measures to settle it without the intervention of any hungry country solicitors who are so glad to intervene in cases of this kind. We settle promptly with the workman or his representatives and the thing is over.

" If a Corporation like ours did not exist the workman would apply straight to his employer, the employer would have no one to fall back upon and would consult the nearest country solicitor, who having little knowledge of the working of the Act would say, 'Oh ! I think this a case which does not come within the Act, you had better contest it.' A large sum of money would be spent in useless and unnecessary litigation and in the end, if the workman did win his case, he would only receive the damages *minus* the large sum which would go into the pocket of the country attorney. There is no doubt that we are encouraging good feeling between employers and employed and are giving workmen without loss of time the very substantial benefits which the Act of Parliament intended them to receive."

From these quotations it will be seen how much Lord Claud Hamilton did to place the Corporation on the high level on which it deserved to be placed before the public and his personality was in all relations invaluable.

To return to the vexed question of rates and rate-cutting. It has been said that during the debates in Parliament nobody had anything but the haziest

notions of the proper basis of any scheme of insurance to meet the requirements of the Act. From the first the Company was groping in the dark. It had no precedents to guide it. It could only experiment and learn by its own experiences. One of the first things that it did was to instruct Dr. William Farr, a well-known consulting actuary of the day, to draw up a scale of rates ; and Dr. Farr did so with immense but quite useless ingenuity. He had nothing more to guide him than anybody else. He accumulated such statistics as he could of fatal accidents in various walks of life—which was comparatively easy—and of non-fatal accidents, which was very difficult indeed, for statistics were few and unreliable. On such data as he could thus collect he composed an elaborate table of rates to be charged on those engaged in each occupation or vocation, the foundation on which he based his scale being a percentage of the wages in proportion to the liability to accident in that particular occupation so far as it could be ascertained. The result on paper was impressive, but when one comes to analyse his tables and takes for example a case of a builder on a large scale who wished to insure all his employees, we find that there are particular rates quoted—generally different, though they may accidentally coincide—for masons, bricklayers, plasterers, slaters and tilers, plumbers and painters, carpenters, paperhangers, wood-workers, cabinet makers, labourers, messengers and errand boys, carters and draymen ; and a builder on a large scale might conceivably employ all these men. One is puzzled to know why the percentage for a wood-carver or cabinet maker should only be .25 whereas that for a carpenter and joiner is .65. Doubtless, however, there was some good reason for this ; but taking the list given as a whole the percentages vary from .25 to 3.15 and the job of quoting a rate for a single Policy to

cover varying numbers of employees in all these different occupations would be considerable.

When the practical men who formed the first Board of the Corporation were presented with these figures they saw that they would be too impossibly cumbersome for application in practice and they set themselves to make a much simpler scale of rates based on entire trades instead of individual occupations. New as the field was, they were nearly all men of considerable experience with large organisations and they preferred trusting to their own common sense rather than to the theoretical scheme presented by the actuary. They were justified. It was, of course, not for a moment to be expected that any scale of rates drawn up at that time would be final or even long enduring, but the scale which they framed was practicable. It did satisfy employers and did—as the abstracts from the earlier Annual Reports already quoted show—produce a working profit for the Corporation.

As an example of the difficulty of framing rates with the amount of knowledge that existed at that time, it may be said that in the first schedules of the Corporation the accident hazard to a printer and a sawyer was regarded as much the same. That is to say that in the rates of 1881 the percentage for printers was 4s. and that of saw millers only 5s. To-day the latter is charged a rate more than 12 times the printers' rate.

It should be added that the increase in liability imposed upon employers by the Workmen's Compensation Act has from time to time necessitated a considerable increase in the rates charged. There are some trades in which the rates to-day are 20 times those charged in 1881.

If the Corporation, however, had been able without interference to keep adjusting its rates in the light of its experiences all would have been well. The

difficulty was that numbers of other Companies engaged in other lines of insurance thought that they saw a new and profitable means of extending their business. Some of them seemed to have no basis on which to frame their rates other than to find out what the Corporation's rates were and then to quote sufficiently below them to tempt such employers as were willing to take the risk of trusting to Companies of which they knew nothing.

The Corporation did not attempt to meet all the competition to which it was exposed. It refused to take business which it did not believe would be profitable, but simply let it go, a policy which has characterised it ever since.

CHAPTER III.

THE FIRST GROWTH.

FROM the brief record of the first years of the Corporation's operations given above, it will be seen how immediately it came to be on a paying basis and how steadily the scope of its operations grew in the first years of its existence. It is hardly necessary to say that this was not attained without hard work or by sitting still.

The large share which Scotland bore, or was expected to bear, in the affairs of the Company will have been noticed in the Prospectus as already quoted, and on the 7th June, 1882, a remarkable dinner was given at the Grand Hotel in Glasgow, when the Directors of The Employers' Liability Assurance Corporation entertained a large company representing the leading men—clergy and university professors as well as business men—not only of Glasgow but of most of Scotland. It was a very remarkable company and by all accounts the dinner was a great success.

After the usual formal toasts Lord Claud Hamilton made a speech which was so characteristic of him, both in its clear-sightedness as to what the future was likely to bring forth and in the dignity of his point of view, that it is worth quoting from at some length. After describing briefly the incidents of the passage of the Act in 1880 through Parliament he said :

" This Act, looking at it broadly—from all points of view—is a fair Act. I think it has worked on the whole for the benefit of all classes, for in these democratic days one cannot help feeling it is the duty of all employers of labour to have as much regard as lies in their power for the interest of those whom they employ, and for the interest of those widows and

children who may be left penniless when those they employ suffer death in the discharge of their duties.

" Now, the railway company with which I have the honour to be connected, felt this so strongly that, before the passage of the Employers' Liability Act, we had perfected an insurance scheme of our own, by which men in our employ—we have 16,000 —obtained a substantial allowance in case of being incapacitated for work for a period of twenty-six weeks, and their representatives received a large sum—a large sum for a working man—in the event of their death. In fact, it was very much on the lines of the present Act. And, I think, this Act has on the whole been accepted both by employers and by employed in the spirit in which I am glad to say it was accepted when once the mind of Parliament was made up that it was right that it should be passed.

"Well, this Act was passed in the year 1880. It came into force in January, 1881, and this Company was immediately established. . . . . It is a direct corollary of the Act of Parliament; it is formed for the purpose of enabling employers, under the provisions of this Act at the least possible cost and at a minimum of inconvenience to themselves, to comply with all the minutiae of that Act . . . . . When this Act was passed, some great firms and large undertakings absolutely contracted themselves out of it.

" The London and North Western Railway with its 52,000 employees, got the consent at that time of some 49,000. Since then they all have given in their adhesion, and have contracted themselves out of the Act. The Company give their employees the same benefits as under the Act—equal benefits when you consider the expense to a workman of employing legal aid to enforce his claims.

" Another large employer of labour, Lord Dudley, contracted himself out of the Act : but what happened the other day ? A man in Lord Dudley's

employment, who had contracted himself out of the Act, was killed in the course of his work, and his widow sued under the Employers' Liability Act. Lord Dudley's representative contended that she had no claim, because her husband had contracted himself out of the provisions of the Act. Sir Rupert Kettle decided without the slightest hesitation, that the contracting out of the Act by a man, and thereby debarring his representatives from the benefits of compensation which they ought to receive under the provisions of the Act, was illegal, and that in spite of this contract existing between Lord Dudley and the deceased husband, the widow was entitled to full compensation under the Act of Parliament, and he awarded her three years' compensation . . . . . Many employers will say, 'Is it worth while for us to get rid of the responsibility which this Act imposes upon us—to insure with this Corporation at their rates?' On that point I will make this remark :—

"We live in days when the working-classes are very largely represented in Parliament, and many of us in this hall may live to see the day when that representation will be largely increased. The tendency of legislation of this sort is to advance, rather than to recede, and employers of labour must bear in mind that attempts will be made in Parliament, whether successfully or not, to amend this Act—of course in the direction of helping the working-man against the employer. These attempts at present, when the working classes are in the main satisfied with the Act, will not be successful; but I have no doubt that in future fresh legislation will take place, which will have for its object to benefit the working-man at the expense of his employer . . . . .

"I look upon this Corporation not only as a commercial undertaking, but as one which benefits the working men, whom I represent, and which tends to bind together employer and employed, and promote

S. STANLEY BROWN,
General Manager, 1880–1911.

the good feeling and good fellowship which ought to exist between capitalists and the working men of this country."

This invasion of Scotland showed that the young Corporation was not likely to be lacking in enterprise and the Directors were, in fact, already looking further afield than the British Isles.

In 1883 the first "Colonial" Agency—as it was then called—was established in Canada under the management of Mr. F. Stancliffe ; and once again we see the extraordinary habit of continuous service which seems to be characteristic of the Corporation.

Mr. Stancliffe continued as manager in Canada for 17 years and when he left in 1900 it was only to take up an appointment as Branch Manager in Manchester, and Messrs. R. I. Griffin and C. W. I. Woodland were appointed to take charge of the Corporation's affairs and since then the only change has been the retirement of Mr. Griffin in 1914, Mr. Woodland continuing as sole manager from that date until the present day. The business in Canada has steadily expanded until to-day it ranks as one of the Corporation's most important branches.

In 1894 the Corporation obtained a licence to transact Employers' Liability business in Canada in addition to Fidelity and General Accident business ; for a time from 1886 Fire re-insurance was added but that—as will be hereafter explained—was discontinued in 1893. The direct Fire business was first undertaken in Canada in 1910. Motor business was started in Ontario in 1911 and Workmen's Compensation business in 1914. Since then other classes of business have been added, including Plate-Glass, Burglary, Boiler, Civil Commotion and Tornado. The Corporation now has two principal offices in Canada, one in Toronto in the Temple Building in charge of Mr. C. W. I. Woodland and one at Montreal in the Exchange Building in charge of

Mr. John Jenkins, and branches have been established in Ottawa, Winnipeg, Calgary and Vancouver.

In 1884 the Corporation branched out into Australia, when agents were appointed for both New South Wales and South Australia. Two years later Messrs. Edward Chapman & Co. were made agents for New South Wales and in 1900 took over the Agency for the whole of Australia. Eight years later they were appointed managers of the Corporation for Australia. As usual with the firm's representatives, Mr. E. Shirley Chapman continued in its service until shortly before his death in 1926—or 40 years after his appointment—he was retired on a pension and his nephew, E. S. Chapman, was appointed manager to succeed him.

At the beginning of operations the business in Australia was limited to General Accident and Fidelity Insurance, but since then the scope has been extended and nearly every class of business, including Marine, is now transacted.

While the Corporation was thus extending its operations it was still the pioneer Company, learning only by its own experiences in the field nearer home, where it was doing what, in the political jargon of the present day would be called " exploring avenues " in all directions to find out what business was profitable and what was not. Sometimes these explorations were not as favourable as they had promised to be in advance.

In the course of the Scottish speech, from which quotations have been given above, Lord Claud Hamilton, dwelling on the favourable prospects of the Company, spoke of a new departure which it was then making :

" It is a system of Joint Insurance between the employer and the employee, the employee paying so much according to the wages he receives, and

receiving in case of accident, which does not come under the Employers' Liability Act, compensation for twenty-six weeks at the rate of two-thirds of his weekly wages and his widow or representatives receiving in the case of his death, a whole year's wages. Now, for a very small sum subscribed by the employees and a small sum advanced by the employers this scheme of ours will offer untold advantages to the working classes. It has been accepted with great unanimity by the ironworkers in South Staffordshire. The more it is brought under the notice of both employers and employed it will receive their attention and, I trust, their co-operation."

This announcement was received with applause, but at the annual meeting of 1884 Lord Claud Hamilton said to the shareholders :

"We had, as I think we were bound to do as Directors of a new Company, entered into fields which had hitherto been unsown, which had not been worked in any sense by other Companies, and we hoped by so doing we should be able to produce large revenues for the Company. We have found, however, that the losses upon some of the policies which we have accepted have been very far greater than we had any reason to believe possible at the time we effected them. We did not act hastily when we found we had made a mistake, and we waited to see if our impression was correct, that in one or two classes of business the losses were exceptionally heavy and, of course, heavy owing to our having done the business at too low a rate of premium. After mature consideration and much observation we came to the conclusion that certain business could not be done at a profit, and we had no hesitation in doing what I feel sure you will feel was the only right course to do—to raise our premiums in this class of business and, where people decline to

renew at the higher premium, we decline to effect policies for them. "

Later in the Meeting some of the shareholders wanted to know what this particular class of business was, but the chairman and other Directors thought it would be unwise to explain this to the meeting, but promised confidential information to any shareholder who came privately to enquire. We know now, however, from the records of the Company and from private memoranda of that time that the unfortunate class of business which the Corporation found so unprofitable was the Joint Business, of which the Chairman—whose belief was undoubtedly shared by the other Directors and the General Manager—had thought so well.

In England in 1883 the Corporation had introduced a Bill into Parliament to give it authority to do Sick Provident business, but the Bill was rejected, perhaps fortunately, for in announcing the fact to the Shareholders the Chairman said that they had discovered that Workmen's Sick and Provident Clubs were very often most unsuccessful, and he did not think it was a field into which it would be possible for the Company to go.

Meanwhile the Company had considerable paid-up capital and was anxious to find other channels of business. In a speech to the Shareholders Lord Claud Hamilton said :

" We think we may amply deal with this capital in a manner which will be exceedingly profitable to yourselves and yet really entail no appreciable expense upon us. I refer to Fire Re-insurance. We do not propose to do direct Fire business—at all events without coming to you again for your consent—but offers have been made to us and negotiations opened whereby we are aware that we can do a very considerable amount of Fire re-insurance with some of the best Companies in the

kingdom. Another reason why the present moment is a good time for doing Fire business is that during the past year or so, about twelve large foreign offices have ceased doing Fire business in England. Rates which have been very unprofitable for some time past have begun to increase. Our reason for preferring Re-insurance as against direct business is that we have, as you are aware, a very large and respectable class of agents throughout the country ; many of these are also agents for Fire Insurance Companies, and we do not for one moment, directly or indirectly, wish to tempt them from the Companies they already serve."

None the less, although the rates showed some signs of improving, demoralisation continued and though the business of re-insurance was started in 1885 and Mr. W. W. Wainwright, who came from the Fire Insurance Association, was appointed Fire Superintendent for the Corporation, the business was discontinued in 1891. It was not possible to do it at remunerative rates, and the returns were not sufficient to justify the expenditure of time and energy which the business involved. The Directors decided that it would be very much better to concentrate their attention on the foreign and colonial agencies which had been established and which were doing well, and on opening up new fields abroad.

In 1888 the first branch office was established on the Continent of Europe in Holland, with headquarters at Amsterdam.

Two years before this, however, a much more important departure had been taken when in 1886 a branch was established in the United States, with an office in Boston under the management of Messrs. Endicott & Macomber. The American business, however, deserves treatment by itself in a separate chapter.

On the whole, the record of the first ten years of

the Corporation is one of steady growth in spite of such difficulties as have been mentioned, and continued prosperity such as is seldom enjoyed by a new Company.

In 1889—that is nine years after incorporation—the income for the year had passed the quarter of a million mark. The figures of £38,939 for the first year's business had grown to £254,908. The share capital remained at the same figure—£100,000 ; the total assets had grown from £119,414 to £271,388. This was a remarkable achievement for a new Company in an entirely untried field.

The Corporation had been extraordinarily fortunate in its first Board of Directors, in its Chairman and General Manager, and they had all worked hard and very heartily together. The meetings of the Shareholders had been universally harmonious. Not only was Lord Claud Hamilton a most charming and persuasive Chairman, but the Company had never failed to produce satisfactory dividends.

The only act of turbulence or friction which disturbed the harmony of the Corporation during these years did not come from the shareholders or anybody connected with the Company, but from an outsider.

It seems that in the summer of 1882 a certain Mr. Fisher—doubtless representing or interested in some other Company—presented himself at the office of the Corporation and was allowed to look at the Company's register. Instead of merely looking at it, however, Mr. Fisher proceeded to make a transcript of, it seemed, the whole register, and this appeared, in the opinion of Mr. T. J. Searle—the Assistant Secretary—to be going altogether beyond the limits of courtesy usually extended to such actions.

A Board Minute of 22nd June, 1882 records that a summons had been issued against Mr. Searle

for an assault on Mr. Fisher, " who was supposed to be illegally taking extracts from the Company's register," and it was agreed that the matter be referred to the solicitors to attend to in the interest of Mr. Searle and the Corporation. Another minute a week later records that Mr. Searle had been fined £1 1s. 0d. and expenses for assault upon Mr. Fisher, but also states that the magistrate had expressed his opinion that it was Mr. Fisher who had been at fault and that Mr. Searle's assault had been merely technical. It was further reported that Mr. Fisher had threatened proceedings for false imprisonment, but after twice making overtures for compromise, had withdrawn his complaint.

It should be added that a large part of the " expenses " which Mr. Searle was called upon to pay consisted of the sum of 30s. for a new silk hat for Mr. Fisher.

CHAPTER IV.

DIFFICULTIES OF THE EARLY YEARS.

IT will be remembered that when the Act of 1880 was under discussion in Parliament there were constant references to the danger that the Act would result in a great increase of litigation and the intrusion of "pettifogging lawyers" between the men and their employers to the destruction of the existing friendly relations.

Very early in the life of The Employers' Liability Assurance Corporation, it became evident that there were good grounds for this apprehension. At an early meeting of the shareholders, Lord Claud Hamilton had remarked that there was an evident increase in the proportion of claims made for the number of accidents occurring, but ascribed it to the fact that the employees were coming better to understand their advantages under the law. When a few years afterwards he again referred to the subject, he coupled it with a second explanation to the effect that "fishy lawyers" were active in inciting workmen to prosecute claims which otherwise they would not have thought of.

"The moment we believe that an injured man is entitled to compensation on the merits of the case," Lord Claud said, "we always—as a point of principle and honour—waive any technical objections which we might make . . . . . We always endeavour to settle promptly whenever we believe we are to any extent liable. By settling promptly we not only keep the injured person out of the hands of the legal profession (and therefore all he gets from us is in payment to himself without payments to the

84–5, KING WILLIAM STREET,
Chief Office of the Corporation until 1901.

solicitor), but prompt payment tends to produce on the part of the working men a favourable spirit towards the Corporation in its operations."

This was the universal policy of the Corporation from the beginning—a generous policy and a wise one for both reasons stated by Lord Claud Hamilton. It created a favourable reputation for the Corporation and it in a measure frustrated the efforts of the unworthy solicitor.

" There are," he said at the meeting the following year, " a large number of solicitors in different parts of the kingdom who are always ready to take up what I would call ' fishy cases ' in which they hope to bring us into Court or at all events if they do not bring us into Court, to frighten us with the expense which may be incurred so as to compel us to make a settlement. In the majority of these settlements the larger portion of the money paid does not go into the pockets of the claimants." And this was undoubtedly true.

The case of the " shyster " lawyer—as he is familiarly called in America, weighed at first more heavily on the people of the United States than on anybody on this side of the water. We have never in England known anything like the hostility to corporations and capital in all forms which raged in America in the latter half of the last century and continued into the beginning of this. It was a condition probably inseparable from the nature of the country. Every State of the Union had, of course, its own legislature. The settlement of the West was made possible entirely by the Railway Companies who thrust their lines out ahead of population across the prairies and the mountains, and the population followed, and settlements grew up all along the railway line. Some of these settlements might be as much as 2,000 miles from the nearest large market or supply base, and all goods had to be carried by

the railway. Inevitably the cost of railway freight constituted a large part of the price of all commodities, and therefore of the expenses of living, and the same cost, levied on the crops or mineral products which were exported, correspondingly reduced their value to the producer. Any reduction in railway charges, therefore, was a boon of enormous importance to these Western communities, and obviously the easiest road to popularity for a politician was to attack the railway companies and to promise his constituents a reduction in railway rates if he was elected. The consequence was that there grew up all over the West of the United States an extraordinarily strong feeling against " the corporations."

After the Civil War faded into the background and electoral enthusiasm could no longer be aroused by " waving the bloody shirt," national politics in the United States were for a third of a century dominated by the two topics of the Tariff and the Corporations—or " Trusts " as, at a later stage, they came to be called.

In every State a large number of politicians not only owed their seats in the local legislature to their " anti-capitalist " reputation but also notoriously made a living much beyond what could be explained by their salary as legislators, by blackmailing the railway companies, while everywhere the shadier class of lawyers thrived on manufacturing claims for accidents against the companies ; and juries habitually gave verdicts in favour of any plaintiff when the defendant was a supposedly wealthy corporation. The scandal grew to be so bad that no subject was more popular with the humorous writers of the daily press. A typical story was one published in 1908 in " Our Record," a small monthly magazine which was for a while published by the Corporation :

" Mr. Theodore Waters, speaking in New York,

described the methods of the accident swindlers and of the organisation intended to combat them. Anybody who was in an accident, whether hurt or unhurt, was, he said, pestered by the professional runners of unscrupulous lawyers, anxious to take up a case for damages. In Chicago there was a regular school of liars, men trained to give false evidence in accident cases. Mr. Waters showed a photograph of an acrobat who held a position unique amongst accident frauds. This man, he said, did not mind letting street cars bump him all over the street. He would be picked up by a confederate and carried to a furnished room. Then the confederate would be bandaged up, and the acrobat would go out again to get bumped again. The confederate would go to bed with the injuries that the acrobat was supposed to have received."

The story is told of an incident in a Western Court room, when a claimant who was said to be in a railway accident, being under cross-examination, was showing how seriously he had been hurt by that mysterious injury (quite impossible to dispute because it has no visible symptoms) known as " Traumatic Neurosis " so that he could not raise his right arm above his shoulder. He exhibited this incapacity to the Court, with great pains lifting his hand and arm barely shoulder high. The cross-examing attorney expressed sympathy with him and by a crafty question or two worked upon his feelings, and then said : " And now show the jury how high you could lift your hand before the accident," whereupon the plaintiff's arm shot up naturally to its full height.

Unfortunately, if America had an inglorious lead it did not long keep a monopoly in this matter. Very early in the life of the Corporation it is sad to recall that Scotland began to get a bad reputation. At the shareholders' meeting of May, 1895, Lord Claud

Hamilton was obliged to say that the Scottish business for some time past had been so unsatisfactory that it was impossible for the Company to make any reasonable profit :

" I go so far as to say that any Company confining its operations under the Employers' Liability Act entirely to Scotland would be in a short time in an insolvent condition. This is due mainly to the great expense of legal process in Scotland and to its one-sided character. We have had numerous cases where on the undoubted merits we have won in the Sheriff's Court. The plaintiffs have appealed and in the Court of Session the verdict has been upheld, and we have had our costs given us, but it has been quite impossible to obtain one farthing from the plaintiff as he is a man of no means, and the result is that whether we win or lose we always have to pay general costs."

" This state of the law," Lord Claud Hamilton said " I need hardly mention is taken advantage of by astute and not over scrupulous attorneys in Scotland, who take up a number of fishy cases and the unfortunate employers, knowing that whatever the result may be they are likely to be saddled with the costs, are always ready to come to terms, rather than pay these excessive costs, and it really resolves itself into a case of blackmail."

Under these circumstances the Corporation was declining business in Scotland except on terms and at rates which it was believed would cover the risks and the legal expenses.

Whether this bad pre-eminence of Scotland was due, in addition to the state of the law, to the existence there of a larger number of solicitors who found it difficult to make a living by legitimate means, or to the fact that the thrifty Scot was more easily persuaded to embark on litigation in the hope of making money out of it, must remain uncertain.

In any case like difficulties soon began to appear in England until it is doubtful whether the conditions here were much better, whether in the matter of the unscrupulousness of the lawyers or the unreliability of juries who gave sympathetic verdicts to an individual, especially to a poor man, as against any Corporation whether a Railway Company or Insurance Company, than in either Scotland or the United States.

" Our Record," already mentioned, gave a good deal of space to the subject. Among other things it quotes at length an article on the subject of " Shady Solicitors and their Touts," "who force their services on the victims of accidents whether real or supposed."

" Directly an accident occurs these hawks are on the pounce and almost before the hospital surgeon has concluded his examination of a patient the tout is there ready to strike a bargain with the sufferer. He is doubtless paid a commission by the solicitor who employs him, but this he can as a rule well afford to do, for by the time the victim has paid the costs of the solicitor it is generally found that the compensation money is mostly in the latter's pocket. The victim probably thinks that if he were not represented by a lawyer he would be bluffed by the Insurance Company into taking only a small proportion of what he might otherwise obtain. As a matter of fact, even if the nominal sum were less, he would be greatly the gainer by avoiding the middleman, for it is a fact that a bad solicitor is far worse than no solicitor at all."

The writer of an article in " Cassell's Saturday Journal " says :—

" A friend of mine had his coat torn on a 'bus, the owners of which were unquestionably liable for the damage. Within an hour two touts in the employ of claim agents had called on him and begged him to put his case in their hands, assuring him that they

could get more for him than he could possibly obtain by his own unaided efforts.

"On another occasion there was a much more serious 'bus accident, the people injured in which—about fifteen in all—were taken to a certain hospital. Then touts flocked to that hospital from all parts of London, as if, like birds of prey, they had scented blood from afar. Very soon there were twenty hanging about the place, some endeavouring to gain access to the patients, others merely trying to discover their names and addresses ....."

Meanwhile in spite of all difficulties, the Corporation continued to show steady progress. In 1891 the Directors decided to issue a further 25,000 shares and in view of the prosperous condition of the Corporation's business were able to do so at a premium of £1 per share. This was sanctioned by the shareholders and the issue duly made, thus increasing the paid up capital of the Corporation to £150,000, and the reserves by £25,000.

On this increased capital, from 1891 onwards, the Corporation succeeded in earning a dividend regularly of 10 per cent. For two years (by a policy of what many people considered excessive caution) for the sake of strengthening the reserves, the dividend was reduced in 1895 and 1896 to $7\frac{1}{2}$ per cent. when it was restored to the higher figure.

The premium income showed a consistent growth. By 1896 the income, which in 1889 had been £254,908, was increased to £309,009, and the figures for the closing five years of the last century were as follows :—

1896	..	£309,009.
1897	..	£314,173.
1898	..	£320,386.
1899	..	£334,648.
1900	..	£337,207.

In addition, the Corporation had been pursuing its

policy of extending its business in foreign and colonial fields.

In 1893 a new branch was opened in South Africa, and Mr. J. Liddle was appointed the Company's representative at Johannesburg. He was joined in 1908 by Mr. A. H. Liddle and branches are now open in Johannesburg and Durban. In 1902 an office was opened in Cape Town for Cape Colony and Natal, and in 1904 Messrs. J. W. and B. Walsh were appointed agents for that district. The only business authorised at first was General Accident, Workmen's Collective and Fidelity Insurance, but now most kinds of insurance, including Marine, are transacted there.

In the same year—1893—there was an expansion also on the Continent of Europe with the establishment of a branch in Sweden, and three years later the scope of the branch already established in Holland was extended so as to include Belgium. In 1897 a branch was established in Denmark, with offices in Copenhagen.

Meanwhile, however, in the last named year the long foreseen amendment of the Act of 1880 had been successfully achieved. Lord Claud Hamilton's prophetic remarks upon this subject will be remembered.

As early as 1889 a Bill amending the Act of 1880 had been introduced in the House of Commons, but failed.

Another Bill was introduced in the following year and also failed to become law.

In 1893 a third effort was made and it looked for a while as if the Bill would pass, but it did not, and it was not until 1897 that the notorious Workmen's Compensation Act of that year was finally placed upon the Statute Book.

These successive threats of further legislation had, of course, put the Corporation well upon its guard and in successive annual meetings references were made to the probability of new legislation and of the measures

which the Directors were taking in anticipation thereof.

The Workmen's Compensation Act of 1897, which became law on the 1st July, 1898, was of a revolutionary character in that for the first time the right of a workman to recover compensation from his employer for an accident of employment apart from the question of negligence was established. The Act applied only to workmen in the more hazardous occupation of :—(*a*) Railways, (*b*) Factories, (*c*) Mines and quarries, (*d*) Engineering, and (*e*) Certain building work. This list, however, was to be extended by future Acts as we shall see.

The compensation provided by the Act of 1897, was, in case of death, three years' earnings, with a minimum of £150 and a maximum of £300. In the case of disablement, half the wages which the workman was receiving at the time of the accident, no compensation however, being payable for the first two weeks of disablement.

Mention has been made earlier in this Chapter of the professional impostors who made—and many probably still make—a living by defrauding Accident Insurance Companies. It is a fascinating but inexhaustible subject. The Manager of one Company was quoted in an article in the " Evening News " some time ago as saying :

" Perhaps the most extraordinary and successful rogue of this class was a man who has recently been sentenced to twelve months' hard labour. We had suspected him for some years, but we only just managed to get him convicted, and then only in a roundabout way.

" He suffered from chronic internal hemorrhage, and this was his fortune. Time after time he fell, was knocked down in the street, or was kicked by a horse, and each time he had the hemorrhage as evidence of the seriousness of the injuries he had received.

THE RT. HON. SIR SAMUEL HOARE, Bt.,
G.B.E., C.M.G., LL.D., M.P.

" It is almost impossible to keep a record of all cases, and it was only by comparing notes with other companies that we detected the fraud. We then found that before each accident he took out policies in three different companies, afterwards making claims on two of them. If he had not told so many untruths when taking out the policies he would never have been brought to justice."

The devices of those who seek to impose upon the Accident Insurance Companies, however, are many. There was a gentleman, possibly related to the sufferer with the hemorrhage, who could slip one of his shoulders in and out of joint as he pleased, and he had a very profitable career for some years, by being suddenly knocked over by all sorts of harmless vehicles in the streets, until he was detected.

Again there was the "blind" man who paraded the pavements, tapping the ground in front of him with a stick, and whenever a manhole happened to be left open, or there was a break in a grating in the pavement or similar irregularities, he never failed to get his stick into it and to fall down and suffer grievously, so that he collected sums varying from £70 to £100 from several Insurance Companies before he was found out.

On a smaller scale but no less ingenious was the gentleman who carried a piece of fat in his pocket, and when he passed a butcher's shop when nobody was watching he would drop it on the pavement and slip up on it. He continued this successfully for some time because the sums which he got from the various companies were small ; but he also was ultimately caught.

Possibly the most curious of all was the young man who declared that in eating curry at one of the best known of the London restaurants he had swallowed a mouse, and he produced the tail of the mouse in evidence, that being, he said, all of the animal that he had been able to rescue from going down his throat.

CHAPTER V.

WORKMEN'S COMPENSATION

IT has been said that the repeated threats of further legislation on the subject of Employers' Liability had abundantly put the Directors of The Employers' Liability Assurance Corporation on their guard before the passage of the Workmen's Compensation Act of 1897, but the principle of the measure was hardly expected and was novel in England. It imposed a liability upon employers far in excess of anything that they had hitherto borne and the ultimate effects of the measure were difficult to forecast in advance of experience of its operation.

As Lord Claud Hamilton explained to the shareholders the year before the Act came into operation, it was difficult to see how any small builder, for example—of whom great numbers were scattered throughout the United Kingdom—could continue to exist with the new liabilities which were thrown upon him, unless he insured. In the case of a country builder employing five or six men, one bad accident would probably wipe out all his business.

Both in the extension of its operation to new trades and in the much broader principle on which the Bill was based it was evident that a very great number of firms or individual employers would now be compelled to seek insurance who had not formerly found it necessary. This meant the opportunity for a very large extension of business for the Corporation, and the shareholders were assured at successive annual meetings that the Directors were fully alive to what was coming. The Act was to come into force on the 1st July, 1898. At the Annual Meeting held in May of that year, Lord Claud Hamilton spoke as follows :—

" As I told you last year, we have been for some years preparing for the inevitable change in the existing law, and since the Act to which I have alluded received the sanction of Parliament, we have redoubled our efforts so as to be prepared to take advantage of it the moment it comes into force.

" We and most other respectable Accident Companies have formed a Committee for the purpose of deciding upon equitable and reasonable rates, on which we trust there may be no loss. The General Manager of this Company—Mr. Stanley Brown—has taken a leading part in the discussion of this question and I am glad to say that the Companies concerned have hitherto shown a determination to abide by the decisions arrived at, and to support and adhere strictly to the scale of rates which has been accepted by the parties in the Committee. No one can tell until the Bill has been in operation some years, what the expense connected with it may be and I am sure you agree with me that we should be very unwise to offer very low rates simply for the purpose of securing large premiums, which might jeopardise the future of the Company."

The rates, he explained, which had been fixed, were based upon the Corporation's 14 years of experience. It would be unwise to make rates which were too high and make business prohibitive. On the other hand the rates were made as low as possible. A number of what Lord Claud Hamilton called " bogus and inferior " companies were being started, which would probably quote rates very much lower than those agreed upon by the larger and more respectable concerns.

" We trust the Act will conduce to a very large increase in our business. Whether it will be profitable or not," he continued, " the future alone can tell, but I think we have guarded by the careful arrangements we have made with other Companies

against any possible heavy and unexpected loss. Should experience prove in the future that our rates are too high, they will no doubt be lowered, but my impression is that experience will prove the other way and that the risks under this Act will be heavier than have yet been estimated by anyone."

So far as it was possible, then, the Corporation was prepared to take advantage of whatever came from the passage of the new Act. Unfortunately it was quite impossible for it to foresee the extraordinary scramble for business and the demoralisation of rates which were destined to come.

The Corporation found itself faced with an alternative of either refusing business, indeed of letting business go from it which it had enjoyed for some years, or of reducing its rates to a figure which it believed to be unremunerative. At the Annual Meeting of May, 1899, Lord Claud Hamilton opened his annual address by expressing his disappointment at the share of the compensation business that the Corporation had received. A number of new and inferior Companies, he explained, had come into the field to fight for a share of the business, and unfortunately, they were joined by other offices of standing from which better things were to have been expected. The Directors of the Corporation decided to take the conservative course. They refused to cut rates below what they believed to be a justly remunerative figure and they let business go rather than depart from their principle.

" In adhering to the course laid down by ourselves (and I may here say that the views held by the Board have all along been in accordance with those of Mr. S. Stanley Brown, our General Manager) we have been subjected to the most serious pressure in the opposite direction. You can well imagine our annoyance as well as that of our agents at seeing the business they have held for years

slipping from their grasp with the loss of both prestige and income : at the reluctance of large employers who have insured with us since the date of our foundation to transfer their business elsewhere without first making remonstrances : at the threats we have had held out to us that we were ruining the Corporation in parting with business that could never be regained. We have invariably given such remonstrances our earnest consideration. We have again and again discussed the wisdom of our policy and in every instance we have come to the decision that the course we have adhered to has been the only safe one in your interests. No doubt it would have been a very pleasant duty for me to have dilated with pride at this meeting upon the enormous increase in our premium income, the activity of our agents and the wisdom of my colleagues and myself in securing such a large addition to our business, but as prudent men, we were always looking to the future and my colleagues have been kind as well as wise in sparing me the degradation of having this time next year—the last year of the century—to announce to you that the splendid addition to our business which we had obtained had resulted in a loss, the effect of which might have crippled us for some time."

Under the strain of the extreme competition the Association at which Mr. Stanley Brown had worked so hard and which had been built up with so much care, went to pieces. For a while it kept together, but one by one the other companies were tempted and fell away, until by the beginning of the year 1900 the Association was practically a thing of the past.

It is estimated that at this time the Employers' Liability Assurance Corporation, by clinging to its principles, allowed something like £500,000 worth of business to go from it, much of it being business

with concerns who had insured with them in the past, and whose connection the Corporation was never to regain. There are those who have questioned—there may be some who still question—whether the policy of the Directors of the Corporation at that time was a wise one. It should be remembered, however, that when business is sacrificed the loss is immediate, visible and measurable. But there is a profit to a Company or to an individual which comes from the reputation for reliability and conservatism, which may not be immediate, which is not visible and not measurable. No one can say how much The Employers' Liability Assurance Corporation has profited, in the years since then, by the reputation for conservatism and unswerving devotion to its principles which it then displayed. It is a priceless asset for any Company or any individual to possess.

In 1900 a new Bill passed Parliament extending the operation of the Act of '97 to agricultural labourers, and it may as well be said here that no class of insurance has been so unprofitable. It is probably no exaggeration to say that the rates for agricultural labourers being quoted to-day (*i.e.*, in 1930) could be approximately doubled and still not be too high. The Insurance Companies are, in fact, carrying the farmers of the country.

The agricultural business is peculiar in that in the first place the percentage of accidents is very high, though it would not at first sight be supposed that a farm or estate worker's vocation was exceptionally hazardous. The explanation generally ascribed for the fact that there are so many accidents is that, in comparison with other classes of employers, farmers are singularly careless. Farm machinery and appliances are constantly allowed to get into a condition of neglect, of rust and dis-repair, which it is incredible that any machinery could be allowed to lapse

into in any factory or workshop. Whether it is a reaper or a farm cart, or a gate, most things on all but model farms are liable to be neglected. And another curious feature of the business is that the accidents have a way of developing much more seriously than in other lines, largely because personal injuries to farm hands become septic in much larger proportion than the average of injuries in other lines. This may in part be due to the fact that the farm labourer is generally some distance from medical assistance and so fails to get the early treatment which is desirable. Much more, however, it seems to be due to the lack of cleanliness in his occupation ; —the fact that the soil itself and the materials which he handles have the seeds of sepsis in them.

In spite of all these difficulties the Corporation continued to grow steadily in strength and influence. The high standing which it already occupied in the business world was incidentally shown in the leading part which Mr. Stanley Brown took in the organisation of the ill-starred Accident Offices Committee. It was also incidentally shown in a small matter but significant, to which the Chairman plaintively alluded in his address to the Annual Meeting in the year that the Act of 1897 came into force. He complained that during the last few months eight of the Corporation's most valued employees at the Head Office had been tempted away to other Companies, to occupy positions of greater responsibility and carrying larger salaries. The Corporation disliked to part with them, but it also found some comfort in the evidence it gave of the value that was attached in the insurance world to a training with The Employers' Liability Assurance Corporation.

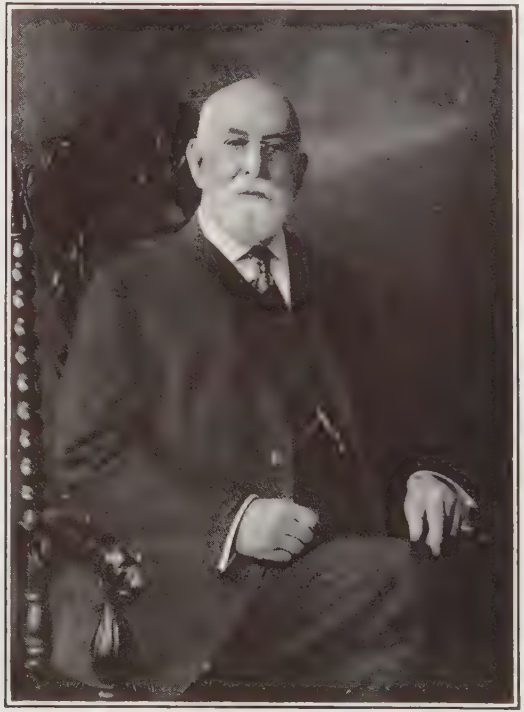
The truth was that the Corporation had from the first—as was hinted at the beginning—an extremely strong Board from a financial and practical point of view. Its investments had been conspicuously well

made and judiciously handled. At the time of which we are now speaking its revenue from interest and profits on investments alone was practically sufficient to pay 10 per cent. on its share capital. It is interesting and amusing now to read the articles in the financial press, year by year, through the early growth of the Corporation. The press had never been unkind to it. It could not well be unkind to an organisation which was obviously sound and so conservatively managed, and which had never failed legitimately to earn a dividend since it started. None the less the press had been inclined at first to treat it rather patronisingly, as if though it was all right so far, and there was no special criticism to be made of it, there was no knowing what might be in the background, and the writers did not propose to be enthusiastic.

By this year—1900—the tone of the press definitely changed, and it is worth while quoting in full an article from the " Post Magazine and Insurance Monitor " commenting on the meeting for the year 1900-1901 :

" In meeting for the first time in the new premises at Hamilton House, Victoria Embankment, the shareholders of The Employers' Liability Assurance Corporation, while admiring the handsome and dignified structure that will henceforth be its head-quarters, had a double pleasure, inasmuch as they also had submitted to them a report which may be pronounced one of the best in the Company's history. As regards trading profits these have been excelled in point of ratio ; but the amount last year, on the large income, is in excess, by far, of that of any previous year. In the twelve months to 31st March last the premiums brought into account were for the largest total on record, namely, £382,366. This was an increase of £45,158, and it is necessary to go back to the year 1887-8 when there was an

G. M. ENDICOTT,
Manager for the United States until 1898.



SAMUEL APPLETON,
Manager for the United States, 1899–1926.

upward jump of over £80,000 to find a greater advance. The Employers' Liability Assurance Corporation usually retains what it acquires ; so judging from past experience, the income now reported will, in its turn, give place to one of even bigger figures. Advance in premium income on this occasion has been accompanied by a considerable relative diminution in the claim ratio. At £343,740 the claims paid and provided for, plus the commission and expenses of management are 89.9 per cent. of the premium income and leave a surplus on the turnover of £38,626, or about 10.1 per cent. To this sum has to be added the interest and other receipts of £16,968, making a total balance to the good of £55,594. In profits, therefore, as well as in income, the Company is showing remarkably well. The combined claim and expense ratio is as near as possible $5\frac{1}{2}$ per cent. lower than to March, 1900 ; in fact, it is necessary to refer to the accounts of 1888 and 1889 to find anything so good.

" Fortunately this prosperity does not prompt the Directors to recommend an increased dividend ; so the shareholders, pending further accession to the reserves will receive a distribution costing no more than the amount of the item appearing for interest and rents in the revenue account. At the end of the financial year, the balance of this account was £261,226 and there was a special reserve of £25,000, the two together making £286,226, and comparing with £249,383 the year before.

" The policy of restricting dividends to interest earnings is a sound one, if it cannot always be enforced. There having been no difficulty in this respect for two years in succession there has been a growth of funds to the extent of £53,104."

As the writer of the foregoing article said, this prosperity did not prompt the Directors to recommend an increased dividend. It had, however,

prompted them to the payment of an interim dividend of 5 per cent. at the end of the first half-year and this practice was continued.

In the following year it is to be noted that the financial year was changed from March 31st to December 31st. The reason for the change was two-fold. In the first place it was desirable that the date of the financial year of the Corporation should coincide with the financial year of the American branch. There was no possibility of altering the American date, so the best thing to do was to alter the English one, and the Directors were quite willing that this should be done, because the early spring months were very active in the insurance world and in order that the Manager and staff could concentrate all their energies on the current business of the year, it was desirable that the making up of accounts and all the disturbance of the close of the financial year should be got out of the way.

The Annual Report for the year 1901, therefore, closed on the 31st December and only covered nine months' operations. It was none the less an extremely satisfactory report showing, among other things, a total of investments and cash at the 31st December of over half a million, viz. : £500,021.

The opening sentence of the newspaper article quoted above refers to a matter which has not so far been touched upon.

When the Corporation was first organised it occupied temporary offices at No. 5, Lothbury. In August of the first year, 1881, it had moved into what were, at the time, very suitable offices at 84-85, King William Street, and there the Corporation had remained for 20 years. In due course, however, with the growth of the Company and its considerable capital, it seemed well to the Directors to move into better and more permanent premises. After

looking over the field for some time they found that a very advantageous plot of ground on the Victoria Embankment could be secured on a lease for 99 years. It had to be considered whether removal from the centre of the City to the Embankment would be in any way prejudicial to the business, but though it might be considered to be likely to be prejudicial in the case of a Fire Insurance Company, it did not seem that it could injure a concern like the Corporation. In its new position the Corporation could erect a building to suit itself on one of the finest thoroughfares in London and very conveniently situated, in close proximity to a railway station. They could have as much space as they required.

They decided to take the land in question and to put up on it a six storied building, which it was decided to call "Hamilton House," as a compliment to the Chairman of the Corporation.

The plans for the building were drawn by an eminent architect of the day, Mr. W. Emerson, and in addition to the quarters to be occupied by the Corporation itself there was additional office space which it was estimated could be rented for a return of something like 4 per cent. on the investment. The cost was estimated at nearly £70,000.

There was some delay in getting the building ready for occupation owing to strikes in the building trade ; but as has already been stated the meeting of May, 1901, was held in Hamilton House, in which the Corporation is still housed to-day. It remains a handsome building. It was a conspicuously handsome building at the time of its erection ; and the site is admirable. Tenants were readily found for the offices which the Corporation had to rent in the new building, the first tenants being Callender's Cable Co., who took a floor and a half in the building before it was opened, and still remain the only

tenants, now occupying all the space that the Corporation does not require for its own use.

The Directors prudently also decided to form a sinking fund for the redemption of the cost of the building at the end of 99 years. The whole transaction is one which has never been regretted.

When the first meeting was held in Hamilton House, an interesting detail is that among those present was Mr. Samuel Appleton, the new manager of the Corporation's affairs in the United States, and this is an advantageous point at which to tell the story of the beginning of The Employers' Liability Assurance Corporation's business in that country, and of its growth to the end of the last century.

CHAPTER VI.

EARLY YEARS IN AMERICA.

IT has been recorded that the branch in the United States was started in the year 1886 and the story of its foundation has been entertainingly told in a pamphlet published some eleven years ago by Mr. W. R. Freethy, who, as he says himself, was the first employee to be engaged in the American branch after its organisation.

Mr. Freethy tells how early in the year 1886 two Americans from Boston—a Mr. G. M. Endicott and a friend of his, Mr. French—were on a visit to London. Mr. Endicott was already in the Fire and Marine Insurance business in the United States in partnership with a Mr. Macomber. As the two men were passing the offices of The Employers' Liability Assurance Corporation in King William Street, Mr. Endicott, attracted by the name "Employers' Liability" said to his companion "This is a new wrinkle. Let us find out about it." So they turned in and succeeded in seeing not only Mr. Stanley Brown, the General Manager, but also, by good luck, one or two of the Directors.

They seem to have got along very well together and Mr. Endicott, who had suggested the possibility of establishing a branch in the United States, was invited to be present at the next Board meeting of the Corporation, an invitation which he accepted. Meanwhile the Corporation made enquiries about Mr. Endicott's standing in America and found them satisfactory, and when he attended the Board meeting he went prepared with a memorandum containing his views as to how the business might be introduced and handled in America. This memorandum closed with the words :—

" Whilst it would be unwise for me to promise you any certain volume of premiums, I well feel that with the previous fortune of reputable English Companies in our country, extending over a long period of years, and the favour in which they are received, and the immense business and territory that is comprised, it is only reasonable to anticipate a large premium income, but I can promise that your Company shall be placed on an excellent basis of business well supported and officered and commanding the position it is entitled to."

The upshot was that the Board decided to appoint Messrs. Endicott and Macomber managers for the United States and to make the necessary deposit of securities as required by the New York Insurance Department.

It was an opportune moment. The phrase " Liability Insurance " as we have seen meant nothing to Mr. Endicott when he had first come across it. As the Corporation had been the pioneer in England, organised immediately after the passage of the Act of 1880, so the American branch was (to use an Americanism) even more " previous," for there was no Employers' Liability Act then in the United States. The State of Massachusetts, however, as it proved, was to adopt an Act in the following year, 1887.

The first offices of the American Branch were a single room up one flight of stairs on State Street in Boston, in a building which has now disappeared. Mr. Freethy speaks of the room as being long and narrow, with two windows at one end, in front of one of which Mr. Endicott had his desk, and in front of the other Mr. Macomber. Mr. Freethy also had a small desk at the other end of the room and there were three or four other clerks in due course engaged, and they all had to work by artificial light.

Mr. Stanley Brown, manager of the Corporation, visited them in Boston to help them to get started, and what was perhaps even more useful, Mr. Sidney Moon, formerly of the London office, but who had left the service of the Corporation, was re-engaged and sent out to the United States to aid in getting things going.

It is interesting to note that the first agent appointed was for the district of New England and the appointee was Mr. Appleton, whose name has already been mentioned, and of whom we shall hear much more.

It was slow work, trying to persuade people to take out a kind of insurance of which they had never heard, and which as yet, as has been said, did not have justification in any Act of the legislature. The total premiums in the first year amounted to the equivalent of £2,600, but with the passage of the new Massachusetts Act in the following year they rose to £40,800, and in the year after that to £70,000, a figure which was destined to be doubled in 1889 to £140,000.

The first change in the management took place in 1893 (though Mr. Freethy is in error in ascribing it to 1895) and the story of that is told in the reports of the Corporation in London.

In explaining a certain increase in the losses sustained in the year 1893–94, Lord Claud Hamilton said that it had come to the knowledge of the Directors that " Our United States managers had been under some slight pecuniary difficulties as regarded their own private business, in no way affecting our business, or that of the American Insurance Company, of whom they were also agents."

The fact is not surprising. Business men whose memories go back so far will remember that the financial stringency of the last decade of the last

century, which is commonly associated with what is known as the "Baring failure," was infinitely worse in the United States than it was in England. The financial structure in the United States in those days was very much less solid than ours : the edifice of credit much larger in relation to its foundation and more easily shaken.

The World's Fair which was held in Chicago in 1893 did something to distract attention from the severity of the crisis over part of the country. But the Fair itself was not financially a success, and so far as The Employers' Liability Assurance Corporation was concerned it was almost in the nature of a catastrophe. Said Lord Claud Hamilton :—

"The Chicago Exhibition occurred last year and in respect of that our agents did a very large business, but we think they obtained the business at rather too large a cost. I do not think they are to blame for that and I think our managers were fully justified in making their preparations, and it was not through any fault of their own that they did not reap all the benefit they expected."

Apart from the World's Fair, business during the first half of that closing decade of the last century was almost at a standstill in the United States. Credit practically did not exist, and no firm or individual incurred any expenditure beyond that for absolute necessities. It was not surprising that Messrs. Endicott and Macomber should have shared in some degree in the universal embarrassment, but it is extremely pleasant to read now of the courtesy and confidence with which they were treated.

The General Manager, Mr. Stanley Brown, went out to America at once and made careful enquiries, asking the agents, pending any decision, to tender their resignations, which they did and, as Lord Claud Hamilton testifies, "they behaved through-

HENRY M. ROGERS,

Chairman of Executive Committee, Boston, Mass.

out in the most straightforward manner." Mr. Brown got such reassuring reports as to the standing of the two gentlemen that he promptly re-appointed them ; but immediately thereafter Mr. Endicott and Mr. Macomber dissolved their partnership, going into voluntary liquidation for the purpose, and on the dissolution of the partnership Mr. Endicott was appointed sole manager for the United States.

Besides Mr. Stanley Brown, Mr. Milburn, one of the Directors, also visited America and stayed some time in Boston. He joined in the encouraging reports both as to Mr. Endicott's personality and the prospects of business which were made by the General Manager.

By the middle of the decade, while there was not any appreciable improvement in the general financial situation, Lord Claud Hamilton reported very hopefully to the Annual Meeting of 1895. For one thing, he said that the Companies which had been competing with the Corporation in the United States and had been cutting rates without much knowledge as to what rates would be profitable, in the hopes of securing some scraps of such small business as was going, had come to the conclusion that it would be better to get together and to establish in co-operation some system of reasonable rates which would be likely to produce a profit to shareholders.

In speaking of the effects of the financial stringency in the United States (which, he noted " has far exceeded anything which we have experienced on this side of the water") he said that it was having some curious effects, among others a most extraordinary increase in the number of personal accidents resulting in very heavy payments to the assured. He had no doubt that the desperate financial conditions were driving many people to get injured deliberately

for the sake of the insurance benefits and even to allow themselves to be killed in order to secure the insurance money to their heirs.

Not that this kind of fraud was peculiar to the United States. A very remarkable example of it occurred about this time in England where the shouts of a man lying by the side of the railway attracted the attention of passers-by, who, on going to his assistance found that both his legs had been severed at the ankle, he meanwhile having retained sufficient presence of mind to do his best to stop the bleeding by the aid of pocket handkerchiefs—of which he carried several on his person.

According to his story he had been in the train and while reaching up to the luggage rack had been thrown by a sudden jerk of the railway carriage against the door which was insecurely fastened, and he was thrown out on to the permanent way. Investigation showed that he had never been on the train on which he said he was travelling. He had purchased insurance coupons in which the compensation only became payable in case of an accident to the train on which the bearer was travelling ; and it was proved beyond question that he had deliberately put himself on the railway line and permitted his legs to be severed by a passing train in the hopes of getting the insurance benefits.

In the following year the effect of the more reasonable attitude of competing companies made itself felt. A tariff association had been successfully established in the United States of which "most of the large Insurance Companies in America who do the same class of business as ourselves are members ; and prospects are a good deal better." Mr. Endicott, the Corporation's Manager in America, was the first President of the American Tariff Association, and the associated companies seem to have behaved well

in observing the amended scale of rates.

The business conditions generally were still bad, and juries were still inclined to give extraordinarily heavy damages whenever cases got into court. So much so that the Corporation decided to withdraw from attempting to operate at all in three States and to limit itself to areas where there was a chance of doing business profitably and at remunerative rates.

During this period, the American branch in spite of difficulties kept extending its business, taking up one after another new lines of Insurance. It started Elevator Insurance in 1888; Public Liability Insurance in 1889; General Liability in 1890; and Fidelity and Vehicle Insurance in 1891. Gradually, also, it was expanding its organisation by the appointment of general agents, local agents, etc., to cover the country.

It was supported most cordially from the home office. Mr. Stanley Brown made repeated visits to the United States and Mr. Freethy says of him that though he was "a bit of a Tartar, I always enjoyed his visits . . . . . He always impressed upon me the necessity of being prompt in settling claims, to be just, square and liberal and not to bother too much about the law. To take a common sense view of cases and to bear in mind that the average jury always favours the plaintiff if he is a poor man and the defendant is supposed to be well-off."

This cordial attitude was entirely reciprocated. Nothing could have exceeded the consideration with which in these very trying times the American manager was treated, and on their side Mr. Endicott and all his assistants and associates showed the greatest loyalty and goodwill towards the representatives of the Head Office of the Company.

With characteristic ingenuity the American office branched out into various minor channels which were not explored in this country.

For some years considerable business was done in railway accident insurance, not only through tickets sold by station agents to passengers, but also by tickets obtained from " nickel in the slot " machines which were established in railway stations. The trouble with the machines, however, was that while the mechanism was supposed, in exchange for the nickel, to give out a ticket stamped with the date and hour of issue, the clock-work too often got out of order or the machines were not wound up and tickets would be issued without the date, with the result of a good deal of disappointment and friction, and the machines were given up.

For some time experiments were made of what was known as " instalment Accident Insurance " intended especially for employees of railways, in which benefits were guaranteed in return for small premiums which were supposed to be deducted by monthly instalments, paid in the shape of orders on the paymaster. But it did not work. The paymasters would forget, or would not honour the orders, and there was too much trouble to make the business lucrative. Another form of insurance, known as " Workmen's Collective Policies " was abandoned after the introduction of the Workmen's Compensation principle into American legislation.

It was not until almost the end of the century that business conditions in the United States became approximately stable again and it was sad that Mr. Endicott, who had steered the American business through the difficult years should not have lived to see the better times arrive, for he died in December, 1898. Mr. Freethy says :

" In him we lost a very able business man, energetic, a perfect gentleman, honourable, kind and just to his employees."

Lord Claud Hamilton also testified to his high character and qualities, to his untiring efforts to

promote the interests of the Corporation and to the great regret which the Directors in London all felt at his loss.

On Mr. Endicott's death, Mr. Stanley Brown, the General Manager, made another visit to America and on his advice the management was now entrusted to Messrs. Appleton and Dana. Mr. Dana resigned shortly after and Mr. Samuel Appleton, who had been acting as the general agent for the State of Massachusetts, in which capacity he had done good work, was appointed Manager and Attorney for the United States. As has already been mentioned, Mr. Appleton was in London at the Annual Meeting of May, 1901, when Lord Claud Hamilton introduced him to the Meeting, saying that he would like at the same time to take the opportunity of thanking him for " the ability and vitality he had shown in his conduct of the interests of the Corporation and the invariable desire he has displayed (and it is not always an easy matter) to meet the views of the Board as regards the policy and methods they desired to see established, which are not always in accordance with the ideas prevalent in Insurance circles in the United States."

Lord Claud also added that so satisfied were they with the position and business in America that they had made further large deposits there for the extension of operations, and so well did the companies who were members of the Tariff Association respect their engagements that the rates in America had been better maintained than they had been in England.

It is also pleasant to note that the Corporation had been most admirably counselled as to its American investments by Messrs. Kidder, Peabody & Co., who acted as financial advisers to the Corporation in the United States in conjunction with the Corporation's Trustees there.

Very early in the Corporation's career Messrs. Kidder, Peabody & Co.—whether with any foreboding of the catastrophe that was coming in the following decade or not—advised the Corporation to have nothing to do with any currency bonds but to put its money into nothing but first class gold securities. This advice was followed, so that when the panic struck the country the whole of the £400,000 which the Corporation had invested in America was, with the exception of £40,000, in the best kind of gold securities, with the result that in 1903 Lord Claud Hamilton was able to tell the shareholders in London that, after all fluctuations and the temporary depression, their American investments as a whole showed an appreciation in value over their cost price.

The real wave of prosperity in the United States had hardly set in at the close of the century. It was in the next six or seven years —until the check by the crisis of 1907—that the United States enjoyed a period of unexampled prosperity. The American end of The Employers' Liability Assurance Corporation shared in that prosperity ; but as has already been said, by 1900 it had proved itself ; it had been very fortunate in its management and was doing a very substantial business.

THE CORPORATION'S SILVER JUBILEE.

IN a preceding chapter an article was quoted from "The Post Magazine and Insurance Monitor" speaking in laudatory terms of the Corporation's position as shown by the Annual Report of the year 1900-01. In the rapid growth which followed during that first year of the new century this complimentary attitude on the part of the press became more pronounced.

"Taken altogether," says a leading article in the same paper of February 27th, 1904, "the circumstances of 1903 indicate that this institution (*i.e.*, The Employers' Liability Assurance Corporation), the first specially designed for dealing with Employers' Liability contingencies, is steadily growing in power and influence, out-distancing nearly all its competitors."

After summarising the financial results of the preceding year and complimenting it on the strength of the Company's position it concludes: "Apart from its extensive organisation in the United Kingdom the Company has important sources of income in America, Australia, South Africa and several European countries, having a good name wherever it operates. There is probability of still further development which if the present success is maintained must necessarily lead to enhanced opulence."

A fairly safe prophecy which was fully justified; and in that phrase, "having a good name wherever it operates," the writer of the article put his finger on what was the outstanding quality of the Corporation. Not that the sky was altogether without clouds.

Rates were still badly demoralized and there was a threat of additional legislation with a view to which a Departmental Commission was appointed, one of the most interesting and important witnesses before which was Mr. Stanley Brown, the General Manager of the Corporation.

More menacing still was the constant upward tendency in the claims awarded by the courts for accidents. The claims for permanent disablement were especially increasing with rather alarming rapidity, or a rapidity which might have been alarming to any company less solidly entrenched.

The average cost of settlement in a case of permanent disablement up to December, 1901 was £55. By December, 1902 it had risen to £60; by December, 1903 to £67; by December, 1904 to £75; and in the next year to £87. The increase was largely the result of decisions given by County Court judges, but also to some remarkable decisions in the Court of Appeal, which would necessarily govern future cases. As the result of these disturbing factors, in spite of its general prosperity, the Corporation was actually, in the years 1905 and 1906, doing its Workmen's Compensation business at a slight loss.

Speaking to the shareholders Lord Claud Hamilton said in his address at the 25th Annual Meeting :

" Taking the Workmen's Compensation business from the time that we first took it up, I may say that it has been worked by us at a slight, a very slight, profit. But I think you should know—and the public who wish to insure against risks under the present Act and will be more likely to do so under the amending Act, should also know—that, in spite of the rates which we have endeavoured to maintain, our business during the past two years has been actually worked at a slight loss to this Company. That, of course, refers only to the special business

DIRECTORS AS AT THE CORPORATION'S SILVER JUBILEE IN MAY, 1906.

under the Workmen's Compensation Act and does not refer to the other classes of insurance in which the Corporation engaged."

With all these disturbing factors, then, it was extremely necessary that any company doing this business should be in an impregnable position, and this the Corporation undoubtedly was.

Surveying the growth of the Company's investments in the first years of the twentieth century we find that they amounted to :—

In 1902	..	£535,354
In 1903	..	£644,508
In 1904	..	£714,958
In 1905	..	£845,913

The interest received on investments had similarly increased from £21,009 in 1902 to £30,958 in 1905, and at the time of the Meeting in March, 1906 they promised to realise in the current year £33,041.

The dividends had increased from 15 per cent. in 1903 to 17½ per cent. in 1904, and 20 per cent. was paid for the year 1905. And these dividends were practically paid solely out of interest arising from investments. In the year 1904 the dividend had amounted to £26,250 and the interest received had been £27,487 ; but it has to be borne in mind that the interest was the gross amount received. The dividends were paid free of tax ; and while at that time the Income Tax was not a serious matter, it came to be (and we all remember the time) when it was at 6s. in the £. The gross interest has always more or less exceeded the amounts paid in dividends, and this year—1930—the practice of paying the dividend free of tax has been abandoned.

The total resources of the Corporation which in 1903 had amounted to £606,643—or 95 per cent. of the premium income, had risen to 109 per cent. of the premium income in 1904 and to £805,633—or

112 per cent. of the premium income in 1905. The following summarized statement from the Annual Report of the Company for its Twenty-fifth year shows how solid the position had become :—

INCOME.		
Premiums	£718,854	
Interest and Rents	30,959	
Other Sources	6,488	
		£756,301
EXPENDITURE.		
Commission and Losses	578,631	
Directors' and Auditors' Fees, Salaries, Rents, Rates, Taxes, and all other charges	56,618	
		635,249
Surplus Income over Expenditure ..		£121,052
ASSETS.		
Investments at Cost	845,914	
Premiums and Balances uncollected and Interest and Rents accrued	150,315	
Cash	30,322	
		1,026,551
LIABILITIES.		
Outstanding Commissions and Balances ..	70,919	
Reserve for Losses	190,011	
		260,930
BALANCE OF ASSETS		£765,621
Uncalled Capital		600,000
Total Available Resources for Security of Policy Holders at 31st December, 1905		£1,365,621

The silver jubilee meeting, therefore, held in March, 1906 was a very satisfactory occasion, and some of the incidental features which marked the situation of the Company at the end of its 25 years of operation were probably unique in the history of similar organisations.

Out of nine directors, seven then on the Board had served continuously for 25 years. Of those whose

names had appeared on the original prospectus, four had died :—Sir A. B. Forwood, Mr. Currer Briggs, Mr. Ronald Johnstone and Mr. R. O. White.

In the course of the 25 years four other gentlemen had been temporarily on the Board, but either for reasons of health or for other causes had been obliged to resign, namely, Sir S. S. Hogg, Mr. W. T. Lewis, Mr. E. P. Martin and Mr. C. E. Thomas—but there remained on the Board four of those whose names had appeared on the original prospectus :—Messrs. Maynard, Milburn and Waterlow, in addition to the Chairman—while three others, Messrs. Chapman, Maudslay and Salomons, had joined the Board in 1881 ; so that not less than seven of the members at the end of 1905 had been working together for a quarter of a century.

This habit of continuance in the service of the Company has already been referred to.

Mr. Stanley Brown had been appointed General Manager on the 21st April, 1881 and was still General Manager. The Assistant Secretary, Mr. W. E. Gray (who is the very competent and much loved General Manager of the Corporation to-day) had been with it since 1888.

Messrs. Watson, Sons & Room who appeared as Solicitors to the Corporation on the first prospectus were still acting in that capacity.

Dr. Eugene Goddard, who had been appointed the first Consulting Surgeon to the Corporation in 1881 had been succeeded on his death in 1901 by his son, who was still acting, and many others in various departments of the staff had been among its first employees.

The only one remaining actually in the Head Office at that time was Mr. T. Cronk, chief clerk in the Registration Dept., but among those who had been his fellow clerks as lads in 1881—Mr. M. J. Mackie was now head of the West Lancashire and

North Wales Branch and Mr. W. T. Treen was head of the Midland Branch, both of them having originally entered the Corporation's service in 1881.

As evidence of the very satisfactory condition which the Corporation had reached at the time of its Silver Jubilee it would be worth quoting a passage from the Annual Address of the Chairman in the following year, March 1st, 1907, covering the 25th year of the Corporation's existence.

It should be premised that in 1906 it was decided to issue—and there were issued—25,000 further shares of £10 each—on which £2 was to be paid up—at the price of £7 10s. At the Annual Meeting in March, Lord Claud Hamilton said in substance :

" There is another matter to which it is my duty to refer. A small section of shareholders recently issued a circular to the shareholders as a whole and later had an interview with the directors with the object of inducing them to increase the dividend beyond the rate of 20 per cent. They argued that for some time past the dividend has been paid out of the interest on investments and rents without touching the trading profit of the year. That is correct. I told these gentlemen, however, that they must never regard the profits of an Insurance Company in the same light as the profits of an ordinary trading company, for whereas the latter have actually been realised as nett profits at the close of the financial year, the former cannot be ascertained until all the unexpired risks against which they stand have been run off, or can be accurately estimated, and moreover, I pointed out that whereas 20 per cent. is a very handsome dividend, a large and increasing reserve adds great stability to the market value of an Insurance Company. I think, moreover, it should be borne in mind that in issuing new shares we took into full consideration the interests and the just rights of the shareholders and issued the shares very much

below their market value. We also decided for the same reason to allow full interest to accrue on the new shares as from the 1st January last, though they will not be paid up until the middle of June. We calculated that the holders of the old shares have received a benefit—or if you prefer the term—a bonus of $2\frac{1}{4}$-$2\frac{1}{2}$ per cent. on each old share. I really think that ought to satisfy even the most eager of shareholders. I cannot call to mind, though I may be ignorant in that respect, any company which after being established for 25 years has on a paid-up capital of £200,000 accumulated reserves of over one million sterling, and regularly pays a dividend of 20 per cent. while its £2 shares stand at £10 in the market.

"Let us, gentlemen, not be tempted by our prosperity to be too ambitious and extravagant. It is by a watchful and cautious policy that we have attained our present position and I hope we shall always have strength of mind and purpose to resist any attempt to embark on a course which we believe will be prejudicial to your best interests."

That these remarks were received with applause, as the report indicates, can well be believed. So the company which had started in such small and tentative a fashion 25 years before now found itself paying a dividend of 20 per cent. free of Income Tax on £150,000 of capital paid up on 75,000 shares and carrying forward to the next account a comfortable balance of assets over liabilities of upwards of £765,000.

THE YEARS BEFORE THE WAR.

IN the year 1906 Parliament passed the Workmen's Compensation Act of that year. The previous Acts of 1897 and 1900 had been frankly of an experimental and tentative nature. The new Act which superseded them was to come into force on the 1st of July, 1907. We have already seen that for the two or three years preceding the year 1905, so far as the Corporation's business under the Workmen's Compensation Act was concerned, it was done at a loss; and this was again confirmed in the year 1906, when the average cost of permanent disablement claims which, as we have seen, had risen between 1901 and 1905 from £55 to £87, again rose to £97.

Lord Claud Hamilton was careful to make this situation clear at successive annual meetings. Unfortunately, the public which sees a corporation growing in strength is very unwilling to believe that it is not earning an enormous profit on everything that it does. It is a universal trait of human nature always to suspect that the other fellow has extraordinary advantages in his business which we do not share. We all know that nobody else works so hard or for so little compensation as ourselves. Everybody else has a much more easy time of it. This universal fallacy flourishes with particular vigour among politicians when they are discussing a corporation of any magnitude in the presence of their poorer constituents, and it happened that Mr. Joseph Chamberlain in commenting on the operation of the Act of 1900 had made an extraordinary speech at a Liberal-Unionst Meeting in Birmingham.

Mr. Chamberlain was a great man, of unquestioned integrity, intellect and courage, but he was

also at times a little rash in drawing his conclusions and a trifle headlong in supporting them.

Unhappily, moreover, he was generally regarded —and especially in the House of Commons—as a typical representative of that mysterious class of people known as " business men." When he talked of business and of pounds, shillings and pence the Members of the House, and most of the public, were convinced that he knew what he was talking about, and were disposed to believe him.

Mr. Chamberlain's statements were so remarkable that it is worth quoting them verbatim, as they were then reproduced in "The Times." He said :—

" The fourth great reform is that Compensation Bill (cheers) which Councillor Jephcott referred to, and which has established for the first time the great, the true, and the just principle that in every industry in which an accident takes place the burden, the pecuniary burden, of the accident shall fall as a first charge upon the industry itself and not upon the victim of the accident. (Cheers.) That Act will come into operation on July 1st, and I venture to say that in the future there will be thousands and hundreds of thousands of persons who by their misfortune will be placed in a condition of suffering, but will not have the addition to the suffering of knowing that it is going to bring their family and themselves to the workhouse. (Cheers.) I want in passing to say one word in reference to this Act. I am inundated with letters from manufacturers, who tell me that insurance societies are claiming an immense premium in order that they may be insured against the operation of the Act, and I am asked how I can justify the statements which I made in the House of Commons in reference to it. I have seen a list of rates of insurance by a leading insurance company which I regard as absolutely preposterous. Before the Bill was introduced I communicated with the large and typical firms in all parts of the country in all the trades which were concerned. I obtained by the kindness of many of them the exact statistics of the accidents which had taken place in their several works during three years or five years before, and upon that I made calculations, and I gave the result in some cases to the House of Commons, and these calculations cannot be disputed. They were based upon absolute facts, and in every case I assumed the largest measure of compensation. But the premiums which are now asked for

insurance by these companies exceed my calculations threefold, fivefold and even tenfold. (Shame.) I will give you one or two instances. In the case of hollow ware, which is a local manufacture, the returns of accidents show that the cost would not exceed 2s. 6d. per cent. upon the wages ; the insurance companies, whose return I have seen, ask 20s. The largest manufacturer of needles in the country gave me his return, and the accidents were so trifling that they did not amount to more than between 6d. and 1s. per cent. on the wages ; again, the insurance companies ask for 20s. per cent. In engineering the returns show, according to the nature of the trade—because some engineering trades are much more dangerous than others—that the cost of insurance ought to be between 5s. and 10s. per cent. : I believe that premiums have been asked from 30s. to £3 10s. (Shame.) All I have to say is that I hope my words may reach a larger audience than that I am addressing. (Hear, hear.) I hope that every manufacturer that is brought face to face with such terms as these will insure himself—(hear, hear)—will not attempt to go to these companies, but will prove for himself what the real cost ought to be, and then in a very short time competition will bring matters to a satisfactory level. (Cheers.) I hope the importance of the subject will justify this parenthesis ; and now I go back to my original argument."

The best comment on the above is the statement already made by Lord Claud Hamilton.

As further comment it is worth reproducing some articles from the issue of " Our Record " of December, 1905, where the following are given in parallel columns, as below :—

WORKMEN'S COMPENSATION INSURANCE

Important Points for Agents.

Miner's Compensation at Linby.

Collapse of an Insurance Company.

Miners, colliery officials, and doctors who have had injured colliers under treatment, filled the Nottingham

Companies Winding-Up.

Times Insurance Company Limited.

A summary of the statement of affairs of the above company as at the date of the compulsory winding-up order, namely, 11th July,

WILLIAM E. GRAY,
The Present General Manager.

County Court on the 9th November, 1905, when seven cases under the Workmen's Compensation Act occupied the attention of His Honour Judge Allen. The whole of the claimants were miners who have been injured at Linby Colliery. Dr. Tinsley Lindley appeared on their behalf and Mr. Stevenson for the company. The case of John Brooks was first taken.

Dr. Lindley explained as the reason why so many cases from Linby were before the Court that the Linby Colliery Company were insured against claims under the Workmen's Compensation Act in the Leen Valley Insurance Company. That company a short time ago became defunct, and liability to pay compensation to several miners thus reverted to the colliery company. Thereupon an arrangement was come to between the Linby Colliery Company and another Insurance Company whereby the latter agreed to indemnify the former against all claims then in existence. That agreement had only just come into force, and he had no doubt that the object of that insurance company was to get rid as quickly as possible of every possible liability.—(*Nottingham Paper.*)

1905, has been submitted by two of the directors of the company. It shows gross liabilities of £10,082 and estimated total assets of £15,293, leaving an estimated surplus as regards creditors of £5,211, subject to costs of liquidation. It is extremely doubtful, however, whether the estimated value of the assets .... will be realized. Assuming it to be so, there would still be a total deficiency as regards contributories of £9,560 .... The insolvency is attributed by the directors and manager to want of cash to pay off claims under policies amounting to £5,000. According to the books and accounts, the first year's trading up to 26th August, 1903, resulted in a profit of £3,306, and the second year's to 31st December, 1904, in one of £3,811; but in arriving at these amounts nothing was written off the purchase price of the business, or the organization and development expenses. Capital appears to have been issued indiscriminately and the expenses were very high. The unsecured indebtedness of £9,274 is principally in respect of claims under the company's policies.

—(*Post Magazine.*)

Commenting on the above, the article in "Our Record" proceeds :—

"The two cases quoted above are, we believe,

the first since the passing of the Workmen's Compensation Act in 1898, where an insurance company has failed to meet its claims, or to make an arrangement with some other insurance company by which those claims should be met.

" In the case of the Times Insurance whether those claims will be met at all or not, and if so to what extent, depends—first, on how much of the uncalled capital it will be possible to realize, and second, to what extent the claims already made, will develop. In the case of the Leen Valley the employers had to put their hands in their pockets a second time and pay another insurance company to take the risk which they had already paid for once.

" With the undoubted increase in the number of claims, with the undoubted increase in the cost of each claim, and with the recklessness of the competition which still exists, we much fear that the above cases are only forerunners of many still to come.

" It is instructive to recollect that of the companies who in 1898 rushed in to write workmen's compensation insurance, the following—besides small, or local or mutual concerns—have either transferred their workmen's compensation business to others or have ceased to transact it altogether. (Here follows a list of the names of thirteen companies.)

" How many more will find the burden they have assumed greater than they can bear time alone will show."

It was in such circumstances of misunderstanding and false teaching that the Act of 1906 was passed. It was a far-reaching Act, embracing all classes of employers and also, for the first time, including compensation for certain industrial diseases.

The compensation for death was now increased to three years' earnings, with a minimum of £150 and a

maximum of £300, and for disablement to one-half the wages with a maximum of 20s. per week, no compensation being payable for the first week if disablement lasted less than two weeks.

Among the new classes to whom the Act applied were shop assistants and domestic servants. It was inevitable that one result would be an enormous increase in the demand for insurance, and that would almost as certainly mean a proportionate increase in the number of companies writing accident policies. It soon became evident that there was to be a general rush on the part of Fire and Life Insurance Companies into the accident field, and from this may be said to date the modern composite insurance companies. The day of specialist companies, working in water-tight compartments, was passed.

In commenting on these facts before the Act went into effect, Lord Claud Hamilton said that the Fire Companies stated that they were being driven by force of circumstances to take up Accident business. He continued, " I see nothing in the movement which need cause us alarm unless indeed they should be induced to quote rates so low as experience has taught us to be unremunerative, trusting to their profitable rates in respect of fire business to more than balance their losses over the accident business. I trust that the high standing and character of the great Fire Companies will prove a guarantee against the adoption of any such tactics. Indeed, we have evidence of their intention to apply to Accident business the same good principles of association and joint action as they have shown in the past. In any case I assure you that we have no intention of going to sleep in the matter. We have already considered it very fully and it may possibly become necessary for us to resume the business of Fire Insurance which we relinquished in 1891, when

we wished to devote our attention more fully to accident business."

In fact, the Corporation did in the year 1907 re-enter the fire insurance field, and Mr. T. E. Keysell, formerly of the Liverpool and London and Globe, was engaged as manager of the Fire Department, and in acquiring his services the Corporation secured a very valuable servant.

After continuing for 13 years as manager of the Fire Department, Mr. Keysell was appointed Assistant Manager of the Corporation in 1920 and became Deputy General Manager in 1928. In 1926 he made an extended tour of the Corporation's branches in Australia, India, Ceylon, Egypt, the United States and Canada, and brought home reports for which at the Annual Meeting of the following year Sir Edward Ward expressed the gratitude of the Corporation. In 1929 he went on a mission to South Africa, and to the shareholders at the meeting in the following March Sir Joseph Broodbank spoke very highly of the work which he had done.

Nor was it only in the direction of fire insurance that the Corporation in order to be on level terms with its great competitors found it desirable to extend its operations, though the full scope of that extension did not come till a few years later.

The years up to the beginning of the War were years of steady progress, of increase in business and maturing strength. In spite of the severity of the competition brought about under the new Act, rates were on the whole fairly well maintained. As a rough generalisation it may be said that from now on there was more stability, less inclination to mere recklessness for the securing of business than there had been at any time since the Corporation was formed : probably because the great modern Companies had a

more serious sense of responsibility, as well as, possibly, a wholesome understanding of the power of their competitors.

The financial stringency of 1907 was less severely felt on this side of the water than in the United States. None the less it had its evil effects here also. The annual report of the Corporation for the year 1907 showed a large increase in expenses and (largely in the United States and for the first time in its existence) a material amount of bad debts. There was also a good deal of fresh expense in the re-writing of policies under the new Act and for the preparations in connection with the resumption of the fire business. In spite of all these, however, the Annual Report for the year showed a net premium income of over £963,000 as against £791,000 for the preceding year, and the investments and cash for the first time exceeded one million and a quarter, reaching the sum of £1,262,951, and the Directors declared a dividend of 20 per cent.

In 1908, when the bad effects of the financial stringency were being liquidated the premium income was practically stationary. Under the policy of the Company, however, of limiting its dividends practically to the profits on its investments and rents and carrying the working profit of each year to the reserve the investments continued to grow by approximately £100,000 a year. In the year 1908 they had risen to £1,349,000 and a dividend on the paid-up capital of £200,000 of 22½ per cent. was declared.

In 1909 the general financial situation had fairly stabilised itself and the premium income of the Corporation rose to over one million, viz. :— £1,046,000. The investments and cash at the same time exceeded a million and a half—£1,513,972— and a dividend was paid of 25 per cent.

It is to be noted that in this year the premiums on

the fire business had reached the respectable total of over £40,000, but the failures of certain Fire Insurance Companies had provoked a good deal of uneasiness both in the public and among shareholders in other similar Companies and not a little searching into the standing of Insurance Companies in general. The failure of one of the large Companies in particular, had brought to light a very unsatisfactory state of affairs in regard to its investments and the indirect liabilities to which it had committed itself. The Corporation, however, had nothing to fear from investigation. Lord Claud Hamilton was able to tell the shareholders at the Annual Meeting in 1910 :—

"Naturally all shareholders of Insurance Companies are enquiring of their respective boards in regard to any guarantees or contingent liabilities of a possibly dangerous or dubious character. I think, therefore, you will be very pleased to know that as regards your Company we have only one loan on security, which is mentioned in the Balance Sheet, amounting to £7,500, which is fully secured. We have no guarantees and no contingent liabilities of any kind whatever."

In 1910 the premium revenue of the Corporation rose to £1,250,000 and the investments to £1,618,000, and a dividend was declared of 27½ per cent. It was only human nature that, although incidents such as have been mentioned were showing the extreme desirability of Insurance Companies being peculiarly cautious and developing their reserves to as large an extent as possible, there should be shareholders who were not content even with a dividend of 27½ per cent., but wanted to know what was the use of building up these huge funds which went on increasing by £100,000 a year.

In reply to some criticisms to this effect Lord Claud Hamilton said that he thought the share-

holders were a little inclined to quarrel with their bread and butter. He had no doubt that it would be possible to declare larger dividends out of the trading profits and the effect would be to put the market value of the shares up by leaps and bounds and then if it became necessary—as it might if they did not continue increasing their reserves—to reduce the dividend, there would be a corresponding fall in their value—which nobody would like. He and the other Directors, he said, were altogether in favour of economising on dividends and strengthening the Company. He did hold out, however, the prospect of a further increase in dividend in the following year. This was, in fact, realised, for in 1911 the premium income rose to £1,405,000 and the investments and cash were now £1,731,000 ; and a dividend was declared of 30 per cent.

It was well then that the Company did not have to rely entirely upon its profits from its Workmen's Compensation business because the tendency of claims to increase in number, and of the cost of these claims to increase in price, continued steadily. More and more were workmen inclined to take advantage of the Act and more and more numerous were those "shady solicitors" who thrived upon business arising out of cases under the Act. Moreover, the County Courts showed a growing disposition to award large damages on sentimental grounds. An extraordinary instance of this was quoted by Lord Claud Hamilton at the meeting of March, 1912. He said in effect :—

"There is a certain very large town in the United Kingdom—which shall be nameless—in which for many years we have had claims made against us, and damages have been constantly paid where evidence of the clearest kind and the most emphatic that you could get was disregarded and sentimental verdicts were given in behalf of the plaintiff. The

judge there, however, has retired and his place has been filled by another gentleman, and ever since then the decisions of the court have been passed entirely on evidence ; and gradually the number of claims made against the employers and Companies has been decreasing. The workmen and those litigious solicitors have not now the same soft hearted judge to deal with and have not the same chance of winning ; the present judge being just, does not allow his mind to be moved or his decisions altered by sentiment."

The year 1912 was said to be best since the foundation of the Company. The premium income amounted to no less a sum than £1,729,874 and investments and cash reached £1,823,211. The dividend was again increased to 35 per cent. No shareholder seemed now to be dissatisfied with that dividend, but a good deal of pressure was brought to bear upon the Board to use some of the reserves for reducing the uncalled liability on the shares, on which, of £10 it will be remembered that only £2 was paid up. The Directors, however, held their ground. As compared with the £8 liability which the shareholders of the Corporation were under, most of the leading Insurance Companies had a much larger liability, as the following figures presented at the Annual Meeting showed ; when the Chairman named various Companies of which the liabilities were respectively—Company "A" £17 16s. and they were paying a 39 per cent. dividend ; Company " B " had a liability of £9 and were paying 80 per cent. dividend ; Company " C " had £18 15s. liability per share, and were paying 32 per cent. dividend ; Company " D " with a liability of £45 per share were paying the same dividend as the Corporation, viz. : 35 per cent., and Company " E " had a liability of £9 and were paying a dividend at the rate of 60 per cent.

T. E. KEYSELL,
Deputy General Manager.

WM. J. RALPH,
Assistant Manager and Secretary.

It was quite evident therefore that the other leading Companies, however big their resources, did not think it necessary or advisable to reduce the liability on their shares, and the Directors saw no reason why they should follow a course different from that of their chief—and such distinguished—competitors.

At the annual meeting for the year 1913 held in March, 1914, there was no indication of the catastrophe which was so soon to fall upon the world. The business from the preceding year was again very good indeed. The premiums showed only a moderate increase over the figures of the year before; but investments and cash were now close to Two million—being £1,969,463—and for this last complete year of operations before the war the Corporation declared a dividend of 40 per cent., being just double the dividend of six years previously.

While the affairs of the Corporation, then, continued to be so prosperous and to show so satisfactory a growth, a number of changes had been going on among the Directors and officers of the Company.

In 1907 Mr. W. E. Gray, whose name now means so much to everybody associated with the Corporation, was appointed Secretary and Assistant Manager.

In 1911, as previously stated, Mr. Stanley Brown retired as from the 31st December of that year and was promptly elected a member of the Board.

He was succeeded by Mr. Gray, who became General Manager and Secretary as from the 1st January, 1912.

At the same date Mr. Wm. J. Ralph was appointed Assistant Secretary. He had entered the service of the Corporation in 1890 and has, therefore, been with it 40 years. He was appointed Agency Superintendent in 1908 and became Secretary in 1921. Since 1928 he has been Assistant Manager and Secretary.

It is not possible here to speak freely of the value

of his services to the Corporation for the reason that the writer of this record has been so deeply indebted to Mr. Ralph for the material on which this story is based that he regards him almost as a collaborator.

In 1911 it should also be noted that Mr. R. J. Crowe, who was formerly in the service of The London & Lancashire Insurance Company, entered the service of the Corporation as superintendent of its Foreign Fire Department. In 1924 he was appointed Assistant Secretary and in 1928 Assistant Manager.

Mr. S. H. Palmer, who had entered the service of the Corporation in 1899, was in 1908 made District Manager at Brighton, and transferred in 1919 to Bristol. Since 1928 he has been Agency Manager for the Corporation, with which he has now been associated for 31 years.

Meanwhile it was sad that, as already noted, Mr. Stanley Brown was only destined to enjoy his period of rest and of dignity as a member of the Board for four months, for he died on the 29th April, 1912, after having served the Corporation from its inception through 31 years, with quite extraordinary ability and singleness of purpose.

One other personal change had also been recorded, for in 1913 Col. Llewellyn, a member of the Board, died : " A man," as Lord Claud Hamilton said, " of very high character, of great ability and of sound judgment, and we deeply deplore his loss."

To fill his place the Directors elected Col. Sir Edward Ward, Bart., K.C.B., K.C.V.O., late Permanent Secretary to the War Office, who was destined, as we shall see, to play a very distinguished part in the affairs of the Corporation.

During these years immediately preceding the War, there had been a steady extension of the scope of operations in other directions besides that of Fire Insurance. Among other lines which had been taken up by 1913 were Motor Car, Plate Glass, Burglary,

and Property Owners' Insurance under the Town Planning Acts.

In the year 1912, also, the Corporation was established in India with Messrs. Bradbury & Co. as agents ; and an office was opened in Bombay. Messrs. Bradbury & Co. continued as agents until 1923, when they were succeeded by Messrs. W. H. Brady & Co. Ltd., who were appointed managers, and other agents were appointed in Madras, Karachi, Rangoon and Colombo in 1913.

The business in India has been satisfactorily handled and has shown continuous growth. In Madras, the Corporation's representatives now are Messrs. Brady & Co. and Messrs. Tetley & Whitley ; in Colombo Messrs. C. W. Mackie & Co. have been the Corporation's agents since 1913, as have Messrs. J. & F. Graham & Co. (now Graham's Trading Co. Ltd.) at Rangoon, and Messrs. James Finlay & Co. at Karachi.

In 1913 an agency was opened at Calcutta and for many years the Corporation was represented there by Messrs. Gillanders Arbuthnot & Co.—the family firm of the late W. E. Gladstone. In 1923 the agency there was changed to a branch and the present manager, Mr. D. C. Doyle, was appointed in 1927.

In or about the year 1913 agencies were also established in China with Messrs. Arnhold & Co., in the Philippine Islands with Mr. E. E. Elser, and in Egypt and the Straits Settlements. A list of the foreign agencies of the Corporation will be found as an Appendix at the end of this Volume.

In a variety of ways, therefore, the Corporation, with its multifarious and far-reaching activities, was now something very different from the small organisation which had started in 1881, solely for the purpose of insurance under the Employers' Liability Act of the preceding year, and which had to feel its way so carefully in an unknown field.

THE WAR AND THE PEACE.

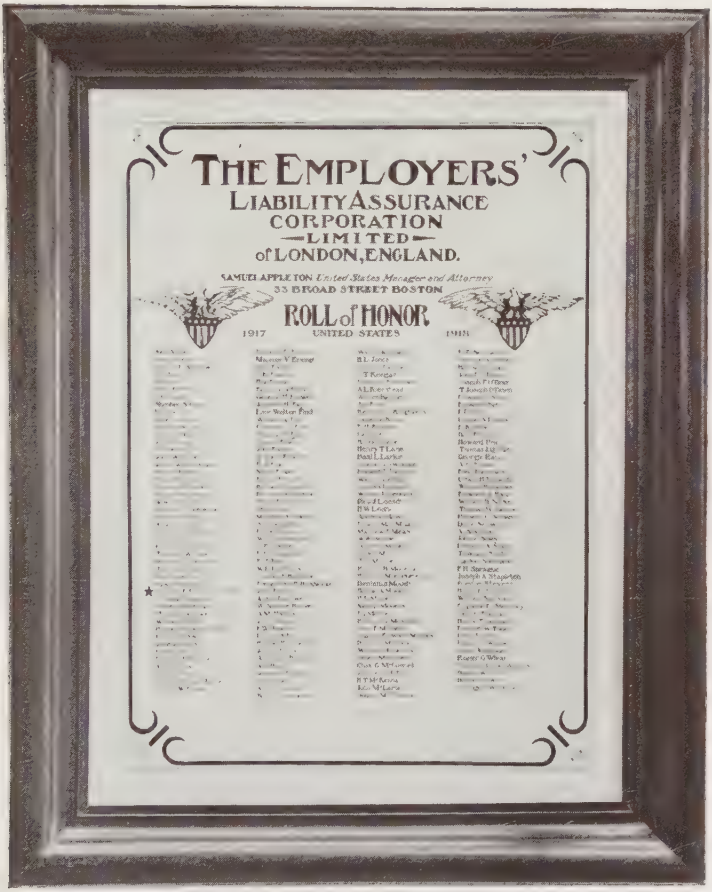
IMMEDIATELY on the outbreak of the War the Directors decided to keep open the positions of all members of the staff who went on service and to pay married men full pay during the time that they served and single men half-pay.

A tablet set up in Hamilton House tells the story of the sacrifice that the Corporation made in behalf of the country. That tablet reads as follows :—

FOR KING
1914 AND 1919
COUNTRY

To the Memory
of those of the Staff who
died on Active Service.

Pte. ELDRED C. BANFIELD
Sergt. VINCENT P. BAYNE
Pte. FREDERICK W. BLAKE
Observer Sub-Lieut. CHARLES L. BRAY
Pte. DOUGLAS H. BENNETT
Pte. STANLEY R. BENTLEY
Corpl. GEORGE BRYSON
2nd-Lieut. EDWIN A. CLARKE
Gnr. GEORGE H. FUSSELL
Pte. WALTER R. T. GROVES
Pte. ERNEST HOWARTH
2nd-Lieut. ARTHUR ISHERWOOD
2nd-Lieut. EDWARD S. JOY
Pte. WALTER D. KIRKHOPE
Pte. ARTHUR M. MACKIE
2nd-Lieut. FRANCIS J. MILLER
Capt. CHARLES G. D. NAPIER, M.C., D.C.M., Med.-Mil.
Pte. FREDK. C. OATES
Pte. ALBERT E. PYPER



ROLL OF HONOUR, UNITED STATES STAFF.

ROLL OF HONOUR.
CHIEF OFFICE, HAMILTON HOUSE.

2nd-Lieut. CHARLES F. ROTHON
2nd-Lieut. NEVILLE B. STANGER
Pte. ARTHUR G. S. SMITH
Sapper FRANK SOUTHWOOD
Major NATHANIEL B. TYRWHITT
Lance-Corpl. STANLEY G. WAGSTAFF
Corpl. WILLIAM J. WHITTALL
2nd-Lieut JOHN T. WILLIAMS
Lieut. WALTER P. WOODSTOCK

Also died on Active Service:

GORDON E. DENTON

of the United States Staff, who served with the American Forces.

The first decoration won by a member of the staff was by Sergeant Napier, in 1915, when he was awarded the Distinguished Conduct Medal, which was to be followed, before he was killed, by the Military Cross and the French Médaille Militaire.

The total number of members of the Corporation's staff who served was :—

Members of the Board of Directors ..	2
From the Head Office Staff	106
From Branch Staff	67

A total of 175. Besides those, there were

From Australia	5
,, Canada	19
,, The United States	186

The decorations won were :—

C. B. M. ABBOTT	.. M.C.
J. R. JOHNSTON	.. M.C.
C. G. D. NAPIER	.. M.C., D.C.M., Med-Mil.
E. C. HARRIS	.. D.F.C.
A. S. BARNFIELD	.. O.B.E.
E. M. GARDINER	.. M.C.
H. ELTON MARKS	.. M.B.E. (Mil.).

It was inevitable that the years of the War should be critical in the life of a business of any kind. For one thing, so far as the Corporation was concerned, in consequence of the high cost of living, Parliament found it necessary to enact further legislation. In 1917 it passed the Workmen's Compensation (War Addition) Act, which came into force on the 1st September of that year, and gave claimants an additional 25 per cent. on the rate of weekly compensation, or a maximum of 25s. a week. Two years later the continued increase in the cost of living necessitated the second War Addition Act, which was passed, to take effect from the 1st January, 1920, and which increased the weekly compensation by another 50 per cent. over the figures provided by the Act of 1906, raising the maximum for non-fatal injuries to 35s. a week, the compensation for fatal accidents not being changed.

As originally passed, these two War Addition Acts were intended to cover only the period of the War and six months thereafter, but they were not finally repealed until the Workmen's Compensation Act of 1923 was passed, to come into force on the 1st January, 1924.

We have seen also that in other ways, quite independent of the War, the Corporation was going through what must in any case have been a critical and transitional stage. It will be remembered how, as a result of the Act of 1906 the accident field was invaded by most of the great Fire and other Insurance Companies, and The Employers' Liability Assurance Corporation in self protection was similarly compelled to enlarge its field. It was a movement analogous to that which has been going on in all other lines of business. Just as small factories have been absorbed by or given way to great combinations, and as individual traders have been superseded by large Companies, so in the insurance

field the day of the specialist Insurance Company was over. We have seen how in 1907 the Corporation had re-entered the field of Fire Insurance, and was transacting business in a variety of new lines. In 1917 it started to do Marine Insurance and in 1919 it obtained powers to do Life Insurance ; and it will be as well here, in order to keep continuity in the narrative, to look ahead for a while, without strict regard to chronology.

The Marine business at first was done on the Corporation's own account with the City Underwriters, Limited, as managers ; but in the year 1920 the Corporation acquired control of the Merchants' Marine Insurance Co., through which it was intended that thereafter all its marine business would be done, and the arrangements with the City Underwriters, Limited, were terminated. In acquiring the Merchants' Marine Insurance Co. the Corporation paid £15 per share for all but twelve of the 50,000 shares in existence.

In announcing this arrangement to the shareholders of the Employers' Liability Assurance Corporation, Lord Claud Hamilton said :—

" We have in view the using of the Company for certain developments which we could not carry on in our own name, and I am able to say that in the Chancery Division of the High Court an order has recently been made which enlarges the powers of the Merchants' Marine Company so as to enable them to transact any class of insurance business in any part of the world. Two of your Directors, Sir Samuel Hoare and Mr. Flower, and your General Manager, Mr. W. E. Gray, have joined the Board of the Merchants' Marine, and we hope to be able shortly to proceed with our intentions of further development."

The outstanding feature of this " further development " was the acquisition in the following year of

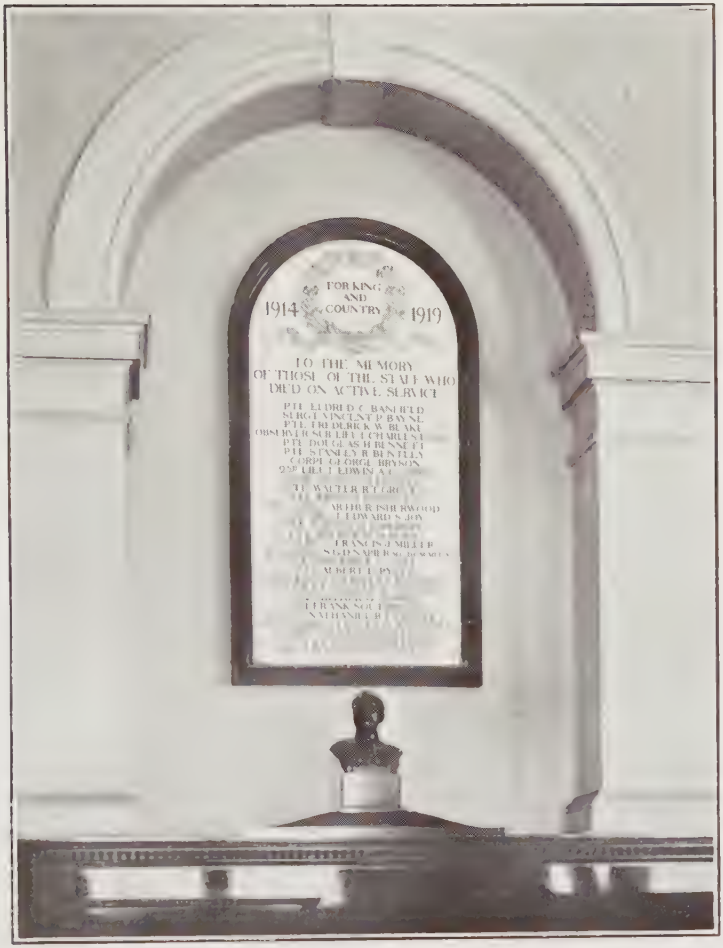
the shares of the Clerical, Medical and General Life Assurance Society, which was announced to the shareholders at the Annual Meeting of March 24th, 1921. In this Company The Employers' Liability Assurance Corporation have acquired all the 20,000 shares except 40 which are represented by two holders, the Clerical, Medical and General being continued as a separate organization.

The Clerical, Medical and General Life Assurance Society had been established as long ago as 1824, and was therefore well past its first half-century of existence when The Employers' Liability Assurance Corporation was founded. On the completion of its centenary six years ago the very interesting story of the history and growth of the Society was told by Mr. Arthur Digby Besant, the General Manager and Actuary of the Society, in a handsome volume.

In 1824 Life Insurance was a new thing in England and it is curious now to read the quaint phraseology of the first prospectus :—

" Amidst the many great and valuable establishments of this country, there are none more extensively conducive to the interests of the public and the benefit of individuals, than well-conducted Life Assurance Offices . . . . To the clergy, who hold their preferment for the term of their lives ; to the members of the medical profession whose incomes depend, in a great measure, upon their powers of healthy exertion, and to all persons possessing only a life interest in their property the practice of Life Assurance recommends itself, not merely as a measure of expediency but as a bounden duty. The system is still in its infancy—" and then it goes on to explain its proposals.

It was organized with a capital of One Million Pounds, divided into 10,000 shares of £100 each. Fifty thousand were offered for subscription and subscribed, only £2 10s. per share being called up.



MEMORIAL TABLET IN CHIEF OFFICE,
HAMILTON HOUSE.

The Company started in a small office at 32, Great Russell Street, where it had considerable difficulty in collecting the payments on its shares and almost more difficulty in framing a scale of rates.

None the less it went ahead bravely and in the first year did a business of £1,960, on which it earned a profit of £165. The next year its business had increased to £5,050 and such was the economy with which its affairs were conducted that it realised a balance over working expenses of £3,489. This was so encouraging that the Society decided that it could afford to pay its Directors something and the sum of £459 was appropriated to be divided between the Directors and Auditors, working out for the members of the Board at something less than five shillings per meeting.

After four years the Company had accumulated a surplus of £15,177 in addition to its share capital which was invested in Exchequer Bonds and Bank Stock.

From these small beginnings, by 1880 (when The Employers' Liability Assurance Corporation was started) it had accumulated assets of £2,500,000 and a divisable surplus of £345,000.

In 1913 it absorbed the General Reversionary and Investment Co., for which it paid—and could afford to pay—£775,000, being at the rate of £150 per share, on 95 per cent. of the shares.

It had a proud record during the War, when of the total staff of 80 persons at the Company's offices, 48 joined up and 12 were killed.

When, in 1920, this most prosperous Company was acquired by The Employers' Liability Assurance Corporation, the operation and the reasons for it were explained to its shareholders as follows :—

" Apart from finance, the period succeeding the War brought to a head a difficulty which had been growing more and more acute for many years.

Amalgamation had become the order of the day, both in the Banking and in the Insurance world, just as in the commercial world the great store was supplanting the petty trader who dealt in one line only. In our own case we found, as we supplied Life Assurance and nothing else, while the powerful composite Companies were supplying every type of insurance—Life, Fire, Accident, Burglary, Employers' Liability—we were at a great disadvantage in competition, however good might be the article we tendered to the public. As a remedy for our troubles we debated whether we should establish a subsidiary Company, to deal with all forms of Insurance other than Life ; or whether we should purchase an existing Company transacting such classes of business ; or whether, as an alternative, it would be practicable for us to join forces with such a Company. After long deliberation we came to the conclusion that the last of these courses would be the most advantageous. We had long been maintaining friendly relations with The Employers' Liability Assurance Corporation, an office which did not conduct Life business, for they, like ourselves, found that their Agency connections wished to transact every type of Insurance, and joint agency appointments were thus advantageous to each of us. It was natural, therefore, that the two offices should gravitate gradually towards each other and in the summer of 1920 definite negotiations were set in train. As the result, The Employers' Liability offered to purchase the shares of the Society at a price advantageous to our Proprietors and to contribute the sum of £45,000 to our Life Assurance Fund. Representatives of each side were appointed to the respective Boards ; Sir Joseph Broodbank, Mr. Gray, Sir Samuel Hoare and Colonel Sir Edward Ward joining that of the Society, while our Chairman and I joined the Board of the Corporation.

The association of the two Institutions has worked admirably, and as time goes on the advantages of the new management are showing themselves more and more."

This has proved to be true from all points of view, the arrangement has been as satisfactory to The Employers' Liability Assurance Corporation as to the Clerical, Medical and General.

The same cannot yet be said of the purchase of the Merchants' Marine Insurance Co., which has so far proved an embarrassing investment. Though not as old as the Clerical, Medical and General, the Merchants' Marine Insurance Co. was 10 years older than The Employers' Liability Assurance Corporation, having been incorporated on the 17th of March, 1871. According to the original Memorandum and Articles of Association the objects of the Company were :—

"The objects for which the proposed Company is to be established are generally to insure against every description of Marine Insurance Risk, which may be legally undertaken, relating to the perils of the seas, fire, men of war, reprisals, and all other risks of like nature incidental to the seas, ships, vessels and crafts of all descriptions, and also the freights, goods, merchandise, cargo, earnings and property whatsoever in or on board of the same, also to insure all other matters and things which may lawfully or can be from time to time insured, or be the subject of insurance against perils of the sea ; and also generally to carry on all other branches and departments of the above business of Marine Insurance."

The nominal capital was £1,000,000, divided into 100,000 shares of £10 each, of which 50,000 shares were subscribed and £2 10s. called up on each share. The Articles of Association were signed by William Thomas Marten, William Ferneley Allen, John Thomson Rennie, Peter Lutscher, Samuel Saunders, George McNair, William Dunn, Seth Arratoon Apcar and Alexander Fairlie Cunningham. The first Directors were Mr. John Anderson, of

Messrs. John Anderson & Co., of Gt. St. Helens, in conjunction with Messrs. Apcar, Dunn, Marten and Rennie.

Since the formation of the Company the chair has been successively occupied by :—

1871 to 1878 John Thomson Rennie (Rennie, Son & Co.).
1878 to 1894 James Alison Steel (Webster, Steel & Co.).
1894 to 1896 James McGregor (McGregor Gow).
1896 to 1902 William Livingstone Watson (James Finlay & Co.).
1902 to 1905 James Brown Westray.
1905 to 1926 Sir Ralph Collingwood Forster, Bart.
1926 to date Henry Alexander McPherson, C.B.E.

The Underwriters have been :—

1871 to 1876 John Joseph Tidd.
1876 to 1880 Joseph Angus.
1880 to 1887 Thomas Robson.
1887 to 1911 Akroyd Hyslop.
1912 to 1924 William Irwin.
1925 to 1928 Charles Anderson.
1929 to date Charles E. Roberts ;

and the Secretaries have been : Joseph Angus, from 1871 to 1880; Alfred Dawson, from 1880 to 1906 ; and Edward Griggs, from the last date, who is still officiating.

When the Corporation absorbed this Company it looked a good and justifiable purchase, but no one could have foreseen the extraordinary conditions which were going to prevail in Marine Insurance with the falling off in the carrying trade, the depression in shipbuilding and the chaotic condition of demoralisation which set in in the scramble for such share in the shrinking business as was to be obtained. In that scramble rates not only became unremunerative, but became, as Lord Claud Hamilton said,

" perfectly absurd." The untoward effects of this purchase will have to be touched upon in subsequent pages.

Recurring to the story of the War years, the actual financial record of The Employers' Liability Assurance Corporation in those years was extremely satisfactory. At the Annual Meeting held in March, 1915, the Chairman was able to tell the shareholders that the Corporation had no investments whatever nor any cash deposits in Germany, in Austria, or in Turkey. It had, however, some Belgian 3 per cent. bonds. In regard to those Lord Claud Hamilton said :—

" These Bonds we held as a deposit for the business which we are doing in that country. They were of course, in the custody of the Belgian Government. We believe them to be quite safe, though we are not at the present moment in a position to vouch for their whereabouts, but probably they are within the four corners of the Bank of England. We feel quite happy about these Bonds and also about the arrears of interest due upon them, which, when the War comes to a successful termination will undoubtedly be met by the Belgian Government and those nations who intend to stand behind that unfortunate country." More will be heard about Belgian affairs later.

In the year which covered the first five months of the War the Corporation's premiums rose to very nearly Two millions, viz. : £1,932,000, and after paying a dividend of 40 per cent. the sum of £150,226 was added to the reserve fund ; and if ever the course of building up the reserve which had been so consistently followed by the Directors of the Corporation from the beginning was prudent it was certainly so at such a moment as that.

In the year 1915 there was, of course, a complete cessation of all Belgian business. In addition, in

Canada the Government of Ontario had taken over the Employers' Liability business and passed legislation excluding the operation of all Companies in the province. The premiums, which showed a very slight falling off from the preceding year, amounted to £1,863,816. Taxes were inevitably going up and the amount paid by the Corporation showed an increase of over £36,000 as compared with the year before. None the less there was a sufficient balance to be carried to the reserve to increase the investments to £2,362,000, and the dividend of 40 per cent. was continued.

In the year 1916 the premiums reached the highest figure since the Company had come into existence being no less than £2,456,000. The taxes increased again by over £18,000. But the investments rose to £2,610,700 and the dividend of 40 per cent. was maintained.

In his address to the shareholders at the Annual Meeting of March, 1917, Lord Claud Hamilton made some remarks as to the share which representatives of the Company were bearing in the War.

Of the Directors, besides Col. Sir Edward Ward, who was on home service, Col. Sir Samuel Hoare was in Russia, and Capt. Hugh Flower at Salonica. Of the staff of the Corporation, 148 members had now entered the service, of these eleven had been killed and 22 wounded.

Among its investments it was mentioned that the Corporation now held nearly half-a-million pounds worth of War Loan.

The year 1917 was, the Chairman said, "the best in our experience up to this date." The premium income amounted to £3,396,631, an increase of no less than £940,427 over the preceding year. The investments had passed three millions and reached the sum of £3,126,552, on which the Company was now getting £130,000 per annum in

interest. The dividend was increased to 50 per cent ; and it must be borne in mind that this dividend was always free of tax. At the Annual Meeting, which was held in March, 1918, one of the shareholders, who stated that he had been a shareholder for thirty-five years, and who at former meetings had sometimes been inclined to be a little critical, in a very congratulatory speech said :—

" We still have only a paid-up capital of £200,000 ranking for dividend. I am sure that the policy of our Company has been watched and has excited the admiration of our friends and also the envy of our competitors, and we cannot doubt that our Board has used to exceeding great advantage the profits which they have for year after year refrained from dividing among the shareholders."

He referred to criticisms of the conservative course pursued by the Directors which had been made by shareholders in former years and confessed that he himself had been an advocate in times gone by of some of the points raised by those who did not agree with the Directors' policy, but he was now quite converted.

In the year 1918 the premiums reached the imposing figure of £5,095,301. For the first time in the Annual Report the proportion of the premiums in different classes of business was itemized, and it is interesting to note that the Fire Insurance was now producing premiums of just over £250,000 a year.

The taxes, which had been £80,000 at the beginning of the War amounted this year to £169,470. In addition there were Excess Profits Taxes now for the first time appearing and it was estimated that these in the United Kingdom and the United States together would amount to not less than £250,000 in the year, to meet which a special reserve was set aside. After all of which the Company was able to

pay a dividend of 70 per cent. which on its capital of over £200,000 amounted to £140,000 paid out to shareholders, besides the sum of £43,000 paid on that dividend in Income Tax. In commenting on this dividend the Chairman said :—

" Though it seems very large on the money the shareholders have put into the business, it amounts to only 2¾ per cent. on our premium income or turnover ; and it is quite misleading for our policy holders to think that any such profit as 70 per cent. is being made out of their insurances. The ability to pay such a dividend to-day and the ability to entertain vast schemes of insurance is due to the wisdom of the course which the Board have consistently pursued and to the patient assent of the shareholders to that policy from the commencement, which has enabled a large fund to be built up of thoroughly sound investments yielding annually a good rate of interest."

The investments now reached the sum of £4,677,027.

An interesting detail in Lord Claud Hamilton's speech this year had to do with the behaviour of the Corporation's Belgian agents during the War, of which it was now possible to speak with freedom. It appears that during the 4½ years when they were compelled to remain in Brussels, the agents—like everybody else—were subject to the closest supervision. They were both good German linguists ; but on the entry of the German officials and military in 1914, they assured them that they knew no German. They took a very great risk. It is extremely difficult to keep up a pretence of that kind constantly for a number of years. They would certainly have been shot if their deceit had been discovered, but they succeeded in carrying it through. They were able to understand everything that passed between the German officers, much to the advantage both of

EDWARD C STONE,

The Present Manager for the United States.

themselves and to the Corporation's interest. The whole Belgian business had of necessity been cancelled during the War period and a fresh start had now to be made. It was being undertaken with enthusiasm by the same agents.

" The whole of our Bonds there," said Lord Claud Hamilton, " both those deposited with the Government and those with the Crédit Lyonnais have been preserved intact and as the latter Bonds were in Belgium during the whole of the German occupation, it was only by the exercise of great tact on the part of our agents that they were saved. I need hardly say that we have on your behalf very handsomely rewarded these two gentlemen."

Of the members of the staff and employees of the Corporation who had served with the forces, 26 had been killed and at the time of the Annual Meeting in March, 1919, 85 had been discharged or were demobilised and 75 were still serving.

In the following year, 1919, the investments of the Corporation exceeded the sum of £6,000,000 and a dividend of 100 per cent. was paid, that is to say £200,000 was paid on the paid-up capital of £200,000 and an additional £50,000 was transferred to reduce the liability on the uncalled balance of the shares.

In the year 1920 the shares were split up from 100,000 shares of £10 each to 1,000,000 shares at £1 each, whereon 4s. was credited as paid up. By the transferring of the £50,000 already mentioned, however, the shares appeared as having 5s. paid up, leaving only 15s. per share liability.

In speaking of the reduced value of the shares and their much smaller liability Lord Claud Hamilton said: " This will no doubt open the market to many who were afraid—quite without reason—of the amount of the uncalled liability. Being of smaller denomination the market price per

share will also be less and people of smaller means will be able to invest in them, and we shall thus broaden the connection of our Company."

A further resolution adopted at this meeting provided for the increase of the capital of the Company from £1,000,000 to £2,000,000 by the creation of one million new shares at £1 each, such new shares to rank *pari passu* with the one million shares resulting from the splitting up of the original £10 shares.

This very brief survey of the financial history of the Company during the war period shows how handsomely it was reaping the profits of the policy of building up the reserves which the directors had always followed. The figures covering the ten years' growth from 1909 to 1919 are sufficiently striking. The total income for the year had increased from £1,108,450 to £5,891,678, and the total assets from £1,722,245 to £7,869,347.

This seems an appropriate place for touching, for the last time, upon the tangled subject of the demoralisation of rates in the Workmen's Compensation business. It has already been said that after the passage of the Act of 1906 under the operation of the Tariff Association, rates were better maintained than they had been for any considerable period in the past. The Association included most of the leading companies. Its primary function was the collection of joint statistics, and on those statistics to base intelligent regulations for the control of rates, the payment of commissions, and so forth. The good work was carried on by what is known as the "Accident Offices Association," which had superseded the Accident Offices Committee.

The present regulations of the Accident Offices Association regarding the rating of Workmen's Compensation Insurances were arrived at at a meeting of

representatives of the Insurance Companies with representatives of the Government in the year 1923, and provide briefly as follows :—What is known as the "loss ratio" ; that is, the percentage which the combined total amount paid by all the offices, members of the Association, in compensation for injuries to workmen bears to the total received as premiums is to be not less than 62½ per cent., or such other proportion not less than 60 per cent. as may be agreed upon between the Secretary of State and the Accident Offices Association. If in any year this " loss ratio " falls short of 62½ per cent. by more than ½ per cent. the companies are bound to allow a corresponding rebate on the premiums which next fall to be paid. If on the other hand it exceeds the proportion of 62½ per cent. they are entitled to make a corresponding additional charge.

The memorandum in which these provisions were incorporated was signed on behalf of the companies by Mr. Gray of The Employers' Liability Assurance Corporation, Sir Arthur Worley of the North British, Mr. J. C. McBride of the Commercial Union, Mr. A. W. Wamsley of the Royal Exchange and Mr. R. M'Connell of the Royal Insurance Co., and on behalf of the Government by the Rt. Hon. W. C. Bridgeman, now Lord Bridgeman.

It is very doubtful whether this will continue to be a fair arrangement for the Companies. It is known that they accepted it with great reluctance at the time ; but it was practically forced upon them by the conditions then prevailing. If there is a profit under this arrangement the margin in the long run is likely to be so narrow that it is certain that no company which conducted only this class of insurance could continue to make a livelihood. It has, however, a satisfactory feature—that it ensures co-operation between the Companies, even if in community of suffering, and makes for peace.

AMERICA IN THE TWENTIETH CENTURY.

IN an earlier chapter we surveyed the development of the branch in the United States and the growth of the American business up to the end of last century, the closing decade of which saw such extremely difficult financial conditions.

It is eloquent of these conditions that, whereas, after only three years existence, the American Branch, although still comparatively new and weak, had succeeded in increasing its premiums in the year 1889 over those of 1888 by a sum nearly equal to £70,000, in the next six years it had only succeeded in achieving an increase of less than £54,000. That is to say, that it took seven of the lean years from 1890 onwards to make a growth equivalent to that which it had made in one year from 1888 to 1889.

Thereafter, however, in the new century, as the wave of prosperity rose to its peak, in the next ten years the company's premiums increased by not less than £600,000, or an average of £60,000 per year. In the next ten years they increased by an average of approximately £400,000 per year.

Meanwhile, it will be interesting to touch on some of the more salient incidents of the pre-war years at the beginning of the century.

With the great growth in business following the prosperous years from 1900 onwards, the offices then occupied by the company inevitably grew too small for it and on the 29th September, 1905 the new eleven-storey Employers' Liability building was opened in Broad and Water Streets, Boston. It was,

for those days, a sumptuous building, of red sandstone, pressed brick and steel, with marble wainscoating to its entrance hall and corridors, mahogany furnishing, and three lifts.

Lord Claud Hamilton crossed the Atlantic for the purpose of being present at the opening, accompanied by two of the directors, Mr. E. H. Llewellyn and Mr. H. W. Maynard, and Mr. Stanley Brown, the General Manager. The opening ceremony was performed by Miss Ida Hamilton—the Chairman's daughter. In the evening the Corporation gave a dinner, which was attended not only by the officers and employees of the American branch, but by a number of eminent citizens of the United States.

We have already seen that Mr. Samuel Appleton had succeeded to the management of the American business, and at the annual meeting of February, 1908, Lord Claud Hamilton paid a warm tribute to the " admirable manner in which our business is being conducted " under his management.

Two years later Lord Claud Hamilton again visited America, accompanied by Mr. Salomons and Mr. Orrell, members of the Board, and Mr. Stanley Brown and Mr. W. E. Gray, respectively the General Manager and Assistant Manager. They spent some days examining into the business of the Company and making enquiries as to its standing throughout the United States and brought back a most satisfactory report. Said Lord Claud Hamilton:

" Everything is being conducted in a most admirable manner. There is a strong feeling of loyalty towards us on the part, not only of the chief officers there, but of all the State agents throughout the United States, and I may say that though they are citizens of the United States they appear to be really proud to be able to take so leading a part in the business of a British Company ";—a " cousinly feeling " as he called it, of which he spoke with the

warmest and most grateful appreciation.

And this account of the pleasant relationship, existing between the Head Office and the organisation in the United States, was confirmed the following year when Mr. Stanley Brown again visited Boston and once more brought back a report of " the high estimation in which the Company was held by the American public—both the investing public and the policy-holders. There is no Company " he declared, " either American or British, in the United States, which stands higher in the estimation of the public for straightforward dealing, prompt and liberal settlement and for the high class of its agents."

Meanwhile, in the United States, legislatures were not being idle. In one State after another Workmen's Compensation Acts were being passed. The American management was watching the situation with great care, and had taken the lead in the formation of an association of companies in the United States for the exchange of information and statistics, and with a view of getting together in whatever emergencies might arise. At the Annual Meeting held in London in March, 1913, Lord Claud Hamilton referred to the American situation in the following terms :—

" In the United States we did exceedingly well in the past year and our manager anticipates that we shall do equally well during the current year " (anticipations which, as we have seen, were realised). " Our manager, Mr. Samuel Appleton is a man of great sagacity and of dogged determination, and is one of those men who always look well before them, so that he may never be caught napping. Some two or three years ago (he understands politics though he is not a politician) he foresaw the great change which was likely to take place in many of the States in regard to the transfer of Employers' Liability to a new form of legislation, somewhat similar to our

own Workmen's Compensation Act, and he and his staff in Boston, and the whole of the State agents working under him prepared in time for that eventuality, so that though I believe this change had adversely affected similar businesses to our own, it has not had that effect upon us. We have been able to meet the change without any loss of business or without undue anxiety, but I should like to point out to you the immense trouble which has been imposed upon Mr. Appleton and his staff.

" Every policy-holder in the United States had not only to be communicated with but had to be seen by one or other of our agents. That will indicate to you the enormous work which has been imposed upon the gentlemen representing our interests there. We have therefore thought it right to pass a special resolution of the Board thanking the United States manager and all those who work under him for the great trouble which they have taken in meeting this difficulty and for the very successful manner in which they have preserved the interests of the Corporation."

By 1913, Workmen's Compensation Acts had been passed in 15 different States in which the Corporation transacted business, namely, Arizona, California, Illinois, Maine, Maryland, Massachusetts, Michigan, Minnesota, New Hampshire, New Jersey, New York, Nevada, Oregon, Rhode Island and Wisconsin. During 1914, Acts came into effect in Connecticut and Iowa and amending Acts were also passed in California and New York.

Besides these, six States in which the Corporation was not transacting business had also passed similar Acts, viz.:— Kansas, Nebraska, Ohio, Texas, Washington and West Virginia.

The terms of the Acts differed in various States. In New York the Act was limited to certain hazardous occupations and a State insurance fund was

provided for insuring employers against their liability under the law. Joint Stock Companies, however, were permitted to operate in New York in competition with the State, and it is interesting to note that this situation still continues in 1930, with the result that 70 per cent. of the insurance is done by the Stock companies and only about 30 per cent. by the State and the Mutual Companies.

In Ohio State insurance was made compulsory, and no Company was allowed to write Workmen's Compensation insurance there ; so The Employers' Liability Corporation had to give up that class of business, although it continued a profitable business in other forms of Insurance inside the State.

In view of the energy with which the American management had met the difficult conditions created by all this legislation, Mr. Appleton and his associates once more received the thanks of the British directors and shareholders.

Incidentally, it is noteworthy that among the losses of the American Branch in the year 1912 (although part of the loss fell also upon the Canadian branch) was the sum of £15,000 as the result of the sinking of the " Titanic."

More and more American States continued to adopt Workmen's Compensation Acts, but in the majority of the States companies were still permitted to transact this class of business in competition with the State, and the premium income continued to grow, even if the losses grew also. The difficulties indeed were very much the same as those which had had to be faced in England when the Workmen's Compensation principle was first adopted in legislation. But there was one important difference. In England there was no supervision over the operations of the companies transacting compensation insurance. In the United States they were very closely supervised and the Commissioners in the

BROAD AND WATER STREETS,
BOSTON, MASS.,
Chief Office for the United States, 1905–1926.

SAMUEL APPLETON BUILDING,
BOSTON, MASS.,
The Present Chief Office for the United States.

various States were charged with the duty of seeing that no Company was permitted to go on doing business at a loss. A rate was not, in most States, allowed to go into effect until the Insurance Commissioner had approved it as being adequate to the risk. Provided the expenses were kept down to the proper limit, it was only necessary to show to the satisfaction of the Commissioner that rates were too low to allow a profit, for him to be bound under the Act to see that the rates were made adequate.

It is not necessary to continue any detailed account of the growth of the American business, but that growth was so rapid that the building which had seemed so spacious and magnificent when it was opened in 1905, soon became quite inadequate and in the year 1919 it was decided to provide larger premises by building a still more spacious edifice. For this purpose what was known as the Mason building in Liberty Square, Boston, was acquired and a start soon after was made in pulling it down. It was to be five years, however, before the new building to be erected there was ready for occupation and during these five years very important changes took place in the constitution of the American organisation.

Under the various State laws in the United States it was not possible in some of them for an Accident Insurance Company to do Fire Insurance business ; so in 1921, the Employers' Fire Insurance Company was organised under the laws of Massachusetts, with headquarters in Boston. It was also impossible under the law for an English Corporation in America to write Federal Bonds, so in 1923 another company, The American Employers' Insurance Company, was organised to write such bonds, also incorporated under the laws of Massachusetts with headquarters in Boston. With these two new companies, what later came to be known as " The Employers'

Group " came into being, and it may be advisable here to look ahead and explain the subsequent history of the various organisations.

When the Employers' Fire Insurance Company was organised, the parent Corporation invested £400,000 (Two million dollars) in it ; and in the American Employers' Insurance Company, when that was organised, the Corporation similarly invested £450,000 (2,250,000 dollars). At the time this was done the proceeding was entirely legal, and monies so invested were recognised among the admitted assets of the Corporation in the United States for the purpose of calculating its surplus or general reserve. In 1928, however, a change was made in the New York State law and insurance companies in the category in which the Corporation was classed were, so far as surplus was concerned, no longer allowed to invest in the shares of other insurance companies, and were required before the 1st of July, 1928, to remove from their assets all such shares shown in their annual report.

This would have had the effect of reducing the estimated surplus of the Corporation from 7,001,477 dollars to 3,755,674 dollars. Meanwhile, however, a number of the branch managers, agents and others connected with the Corporation in the United States had been expressing a desire to have holdings in the Corporation's shares. Some actually bought shares on the London market, but there were difficulties and it was impracticable for them to invest to any extent in shares on the English register.

In these circumstances, the following measures were taken, as set forth in a letter issued to the shareholders by Sir Joseph Broodbank, in December, 1928 :—

" To meet the situation created by these two factors, viz. : (1) the requirement of the New York Superintendent, and (2) the desire of the Corporation's representatives to be

interested in the operations of the Corporation, the Directors have, in consultation with the United States Manager, evolved the following plan which they have now successfully carried through :—

" Nine gentlemen in the United States, all of whom are directly or indirectly connected with the Corporation there, have associated themselves under a Deed of Trust, and to these gentlemen the Corporation has agreed :

" (1) To transfer, subject to certain conditions to safeguard all interests, the whole of the Shares of each of the two American Subsidiary Companies, at the price which the Corporation originally paid for them, viz. : $4,250,000.

" (2) Out of the 560,910 unissued Shares of the Corporation, to issue and allot to these same gentlemen 100,000 Shares ranking *pari passu* with the existing Shares at 80s. per Share cum dividend, the market price at the time when negotiations were initiated.

" The Trustees so created have arranged to sell Certificates of the Trust to holders who are at present directly or indirectly connected with the Corporation, viz. :—Branch Managers, General Agents, Staff and Clients in the United States. The return by way of dividend which these Certificate-holders will receive will depend entirely upon the dividends paid by the Corporation in respect of its Shares which the Trustees hold, together with the dividends paid by the two Subsidiary Companies, if and when they are in a position to declare same.

" The effect of the above arrangement on the financial side is as follows :—

" 1. Dealing first with the Annual Statement of the United States Branch to the Insurance Department, the Corporation will receive in cash $4,250,000 for Assets which at 30th June, 1928, figured at only $3,245,802, thus improving the Statement by $1,004,198, and making the estimated surplus $8,005,675. In addition, the Corporation will receive interest on the investment of $4,250,000 on which they have so far received nothing.

" 2. With regard to the Corporation's Statement of Accounts and Balance Sheet as a whole, the price to be received for the two Subsidiary Companies makes no difference, as they stand in the Balance Sheet at the figure of $4,250,000.

" 3. By the issue of 100,000 Shares the Corporation's capital liability is increased by £25,000 for which they receive £400,000 cash payable in London, thereby increasing the General Reserve by £375,000. Assuming the same rate and

basis of dividend as has been paid by the Corporation for some years, this increase of capital entails an extra charge of £20,000 per annum.

" 4. Against this extra charge of £20,000 the interest income is increased :—

" (*a*) By the investment of $4,250,000 at—taking a conservative view—4 per cent.—$170,000, which at $5 to the £ is £34,000 ; and

" (*b*) By the investment of £400,000, the price paid for the Corporation's Shares, which at 4 per cent.=£16,000 the total of the two being £50,000 per annum.

" Apart, however, from the immediate financial advantage, the operation should have a wider effect. As the Certificates of the Trust will be held to a considerable extent by the men whose efforts produce the business in the United States of the three Companies combined in " The Employers' Group," the success of each and all combined is what they have to look to for a satisfactory return on their investment ; at the same time the object the Directors had in view in the foundation of the two Companies will be maintained."

By the year 1924 progress on the new building in Boston was well advanced. The staff of the Group in Boston now numbered well over 1,000 persons and, besides filling The Employers' Liability Building which had been opened in 1905, it had overflowed into seven other buildings scattered round the neighbourhood, a condition which was obviously inconvenient and did not make for efficiency. The new building therefore was planned on an ample scale.

At the annual meeting of 1922 Lord Claud Hamilton had paid the warmest possible tribute to the work of Mr. Samuel Appleton in the United States and similar testimony was borne in succeeding years ; and in the year 1924 the Corporation was doing a larger amount of Workmen's Compensation business in proportion to its total business than any company in America. That this was very largely due to the work of Mr. Samuel Appleton was freely recognised. It was no more than a just tribute to him that the new building should be called after him, and it is interesting and impresses one as most

71, KILBY STREET, BOSTON, MASS.,
Offices of the Corporation until 1905.

DELEGATION FROM CHIEF OFFICE AT THE OPENING OF THE SAMUEL APPLETON BUILDING IN BOSTON.

Reading from left to right:—C. H. Gollingwood; Sir Courtauld Thomson, K.B.E., C.B., *Member of the Board*; Edward G. Stone, *Manager for U.S.A.*; Sir Edward Wade, Bt., G.B.E., K.C.B., K.C.V.O., *Chairman of the Board of Directors*; W. E. Gray, *General Manager*; Arthur Digby Brown, *Member of the Board*; Wm. J. Ralph, *Secretary*.

creditable to both men that the closing words of Lord Claud Hamilton's last speech as Chairman, delivered shortly before his death, were a generous tribute to the work of Mr. Appleton and his associates. These closing words were :—

" The past year has been one of disturbance and change in many parts of the world, and I feel that it is a matter for congratulation that this unrest has not had a prejudicial effect upon the stability of our position, and I wish to say that this has been due to a considerable extent to the ability and loyalty of our representatives abroad, ably seconded as they have been by those serving under them. This applies especially to the United States, where, from Mr. Appleton downwards, throughout a period of heavy losses, our organisation has maintained its high character for efficiency undismayed by the crisis through which they have been passing. On your behalf, therefore, I should like to convey to all concerned your warm thanks for the services they have rendered."

They were fine words and fitting as the last official utterance of a man who had rendered such noble service to his corporation and his associates as had Lord Claud Hamilton through the 43 years of his chairmanship.

It was sad that Lord Claud should not have lived to attend the opening of the Samuel Appleton Building, and that Mr. Appleton himself should have been too ill to be present at the ceremony, which was celebrated on a considerable scale. Sir Edward Ward, who had succeeded Lord Claud Hamilton as chairman of the Corporation, took with him to the United States two other members of the Board, namely, Sir Courtauld Thomson and Mr. A. D. Besant, as well as Mr. Gray, General Manager, and Mr. Ralph, Secretary to the Corporation and Mr. C. H. Collingwood.

Sir Edward Ward performed the official function

of opening the new building with a golden key, which in Mr. Appleton's absence he then handed to Mr. E. C. Stone, at that time Associate Manager for the United States. In the course of his dedication address, Sir Edward made some interesting comparisons between the beginning of the Corporation and its condition at that time, that is, in 1926.

When the business was started in America 40 years previously, the sum of $100,000 had been deposited in Albany and a few weeks later the business was started on the small scale which we have seen, in the single long room in Boston. In the first year the premiums amounted to $13,000. By 1905 when the Employers' Liability building had been opened they had reached $2,500,000. In 1926, when the Samuel Appleton Building was opened, they amounted in the previous year to not less than $21,375,000. Meanwhile the $100,000 which had been deposited in 1886 had in the first 20 years, *i.e.*, by the end of 1905, increased to $3,073,000, and in 1926 they had swollen to $30,000,000.

In 1886 the staff in the State Street office had numbered five individuals, in 1905 when the eleven storey Employers' Liability Building was opened, the staff numbered 75. The new Samuel Appleton Building was 13 floors high in which accommodation was at once arranged for a staff of 1,800.

The Samuel Appleton Building was the very latest thing in office buildings, admirably equipped in all the most modern devices for the accommodation and comfort of the large staff, including a rest room for women and another for men which would accommodate 350 people. There were five elevators of the latest type and the whole building was equipped in the most up-to-date fashion. Most notable of all its appointments, however, was the medical department where the employees of its policy-holders could be treated. Here were X-Ray

machines and all other appliances known to the latest hospital practice. From the beginning three doctors were in daily attendance and the staff included most of the best specialists in Boston. The reputation of the clinic stands very high indeed. It is recognised to be among the best institutions of its kind in New England or in the United States, and it treats some 200 patients daily.

It has been said that Mr. E. C. Stone had officiated in behalf of Mr. Appleton ; and before the end of the year he had, in fact, succeeded him, for Mr. Appleton did not long survive the opening of the building which bears his name.

It is not the writer's desire to give a detailed history of the growth of the business of the American branch up to the present day. He understands that a volume, dealing with that history more fully and with greater knowledge than would be possible here, may be published when the American Jubilee itself is celebrated in 1936. It will be sufficient to say that the whole-time staff of employees of the Employers' Group in the United States at this writing—in 1930—numbers upwards of 3,500 people and the assets of the Group amount to over £7,500,000.

When the announcement was made that it was intended to celebrate the completion of the fifty years of life of the Corporation in London the project was taken up with the greatest enthusiasm in the United States. The Employers' Group in America publishes an excellent monthly magazine as a house organ, which is called " The Owl." In the issue of March last the front cover of the magazine is taken up with the following announcement :—

" Fifty years ago The Employers' Liability Assurance Corporation Limited—the inventor of Liability Insurance—laid the foundation of the massive structure of liability insurance. Picture if you can this business just beginning with no experienced

employees, with no buildings and with no capital to speak of, when it was a pioneering work with no aid from those whom it was designed to aid. Then look at it to-day ! The Employers' Liability Assurance Corporation Limited, in addition to being represented in almost every country of the world, here in the United States has two children in the form of the American Employers' Insurance Company and the Employers' Fire Assurance Company. In this country alone it has close to 17,000 representatives, including its 3,500 employees, and has assets of $37,870,852."

Besides " The Owl " The Employers' Group publishes another monthly magazine, " The Pioneer," addressed especially to its agents. In the issue of May, 1930, we find the following proclamation in that magazine :—

" This is our year of great rejoicing, for it marks the 50th anniversary of the birth of The Employers' Liability Assurance Corporation Limited. Behind us there are 50 years of marvellous accomplishment. Starting as a pioneer in the field of Liability Insurance the Corporation has year by year accelerated the progress and increased the achievements of the business of casualty insurance until to-day its influence is world-wide. We can justly be proud of all this ; but the crowning glory of the Corporation's birthday is the Good Will which during all these years it has built up throughout the world among its policy-holders, its representatives, its competitors and the public. Its Good Will is its business reputation built on fair and liberal business policies and broadcast that the Corporation delivers to its policy holders ' The Service that Satisfies.' "

Plans were at once made for a contingent from the United States to visit London for the celebration and rivalry as to who should have the privilege of being of the party was worked up with great and charac-

FRANKLIN P. HORTON,

ARTEMAS B. POOR,

Assistant Managers for the United States.

teristic American ingenuity. The party will cross the Atlantic by the Cunard Steamship "Carmania," sailing from Boston on November 8th, reaching London on or about the 16th, the return trip being made by the Cunard Steamship Company boat on the 22nd. The American contingent will not be the least notable feature of the Jubilee celebration.

It has been said that the house magazine of The Employers' Group in America is called "The Owl" and an owl is The Employers' Group crest. Coupled with the owl is the "Slogan," which has already been quoted :—"The Service that Satisfies." A reproduction of the device embodying the crest and slogan is given herewith :—

Some ingenious member of The Employers' Staff in the United States recently contributed to the official publication the following Acrostic :—

T o all our
H ome office employees and
E mployees and agents everywhere :

S o that
E very one of our policy-holders will
R ealize that he is insured in the
V ery finest
I nsurance Group in the United States,
C an we not resolve
E ach and every one of us—

T o give our best—to
H elp each other—to be
A lways courteous and
T actful to all whom we

S erve—to be
A lert to our opportunities—
T o make use of our
I ntelligence—to be
S ensible to our duties and to
F ollow out
I nstructions—In this way the
E mployers' can continue to give the
S ervice that Satisfies.

As has been said, Mr. E. C. Stone is Manager and Attorney of the Corporation in America with Mr. Franklin P. Horton and Mr. Artemus B. Poor as Assistant Managers.

The Executive Committee consists of Mr. Henry M. Rogers, Mr. Charles Francis Adams, Mr. Charles L. Edgar and Mr. Roger Pierce. The members of the Finance Committee are :—Mr. E. C. Stone, Chairman, Mr. Chas. F. Adams, Mr. Chas. L. Edgar, Mr. W. Endicott and Mr. A. C. Ratshesky.

In regard to the foregoing it is to be noticed that Mr. Henry M. Rogers was one of the original members of the Executive Committee and is still acting as its Chairman.

Mr. Charles Francis Adams has been a member of the Committee since 1904. As is well known he has been, since 1929, in Mr. Hoover's Cabinet as Secretary for the United States Navy.

As for Mr. Stone he has shown himself a most worthy successor of Mr. Appleton. At the Annual Meeting of March, 27th last, Sir Joseph Broodbank said :—

" Of our United States Manager, Mr. Stone, the danger is that in trying to do him justice by any studied form of compliment I should undervalue his great qualities. I content myself therefore with saying that in the past year he has more than lived up to the outstanding reputation he has already established for himself."

He is regarded with the most loyal devotion by all the staff of The Employers' Group in the United States, and his abilities and the success of his management are sufficiently shown in the record of the American business under his guidance.

CHAPTER XI.

THE LAST DECADE.

WE are now entering the last decade and the main events of the post-war years will be still fresh in the minds of most people. Immediately after the War, it will be remembered, there was a period of great elation and abounding activity in almost all directions. The Employers' Liability Assurance Corporation shared in the profitable results of the period. In the year 1920 the premium income rose to the very formidable total of £6,799,865 and the investments of the Corporation nearly reached £7,000,000—being valued at £6,926,997. The dividend of 80 per cent., *i.e.*, 4s. on the £1 shares on which 5s. had been paid up, was maintained ; but an ominous feature of the situation was the immense increase in the total of taxation. The taxes paid in the year 1920 amounting to £448,492, being 6.6 per cent. of the total premiums as against about 1½ per cent. of the much smaller premiums up to the outbreak of the War.

The period of general prosperity was short lived. In the distressful period which followed it is impossible to say what would have happened if England had suffered herself to follow the lead of some of the Continental nations. In Russia, society was going down to ruin in bloodshed. In Germany there came a time when people paid a billion marks to post a letter. In France, Belgium and Italy there was bitter discontent as the people saw the disappointment of the high hopes which they had formed after the victorious termination of the War, and in each of these countries the financial system was tottering and the currency depreciating and fluctuating from day to day. It seemed as if the whole commer-

cial and financial structure of the world was in a state of flux.

Great Britain alone of the great powers kept its head. It faced its own obligations and wrote off more than half the debts owed to it by the other allies. It strove in every way to keep some sort of stability in the world of commerce and finance and the immensity of the boon which the steadfastness and integrity of the British character conferred on the world in those panic-stricken years is beyond measurement.

As soon as the artificial elation which followed the signing of the Armistice had died down the signs of collapse and disintegration made themselves visible, and it was not possible that Great Britain or any organisation or individual in it could escape from a share of the disastrous effects.

In the immediate sphere of The Employers' Liability Assurance Corporation the failure of the City Equitable Company will be well remembered. That failure was not the result of insurance losses in the course of legitimate business, but of unjustifiable speculation by individuals with the Company's investments, and the issue of misleading balance sheets. The Employers' Liability Assurance Corporation had done business with the City Equitable like most other Insurance Companies, and was fortunate not to be more involved than it was.

Other troubles in the insurance world included the failure of two Norwegian Companies with whom the Corporation had done business (and these it should be said were honest failures, due to too heavy commitments which would have been justifiable in less abnormal times) and the liquidation of a Russian Company which had had relations for many years with British Companies, but the whole of whose property, after the pleasant way of the Soviet Government, was stripped from it. It was

unable to carry out its contracts or to pay its debts.

Apart from these particular sources of loss the general shrinkage in the world's business cost the Corporation, during the two years 1921 and 1922, a falling off in its premium income of respectively £810,793 and £725,360, making a total decline in the income in the two years of £1,536,153, to which must be added an apparent further decline of the amount of £425,000 as the result of the fact that, owing to the relationship now established with the Merchants' Marine Insurance Company, the Corporation was no longer doing Marine business on its own account. The total reduction of premiums then in the two years amounted to £2,000,000, so that the income which in 1920 had been £6,799,000 had declined two years later to less than £5,000,000 (£4,838,000).

In addition to all these, the taxes in 1921 reached the huge sum of £521,694, or over 9 per cent. of the total premium income. The income tax had now risen to 6s. in the £.

From these disagreeable features of the situation it is pleasant to turn to such a minor detail—which seems in a measure to be symbolic of the sanity with which England was facing the difficulties of the situation—as that in 1921 the Ella Sports Club was formed.

There had before this been a Lawn Tennis Club, with some courts at Wandsworth, and an Association Football Team which played occasional matches at Bowes Park. In 1921, however, The Ella Sports Club was formally organised. A football ground and lawn tennis courts were rented at Lower Edmonton, a swimming section of the club was formed and some cricket matches were arranged. Two years later, in 1923, through the good offices of Mr. Gray the General Manager, the freehold of the ground at

Lower Sydenham was purchased, where there were ample facilities for cricket, lawn tennis and football, and the Club began a vigorous existence.

In 1926 Mr. Gray presented the Club with a hard court for lawn tennis and Sir Joseph Broodbank gave a men's Challenge Cup for lawn tennis. In the following year a second Cup was presented for the women by Sir Edward Ward. Later, Rugby football and ladies' hockey sections were established, making with cricket, football, lawn tennis and swimming a total of six different sports in which the Club was interested.

In 1925 the refreshment section was instituted for the provision of teas, etc., on the ground ; and towards the end of 1929 Mr. Gray, who had shown the greatest interest in the Club throughout, proposed to the Directors the erection of a pavilion on the ground to commemorate the Corporation's Jubilee. Plans for such a building were passed by the Beckenham Urban District Council on the 12th of March, 1930. The building, which is substantially built of brick, roofed with tiles and asphalt, is 88 feet long by 39 feet deep. Besides a spacious reception hall, there are four men's dressing rooms with the proper equipment, including glazed bathing pools and shower baths, and two women's dressing rooms. The Pavilion was built by Mr. Charles R. Price, from the plans of Mr. F. Russell Seller, the Corporation's Chief Surveyor, and formally opened by Sir Joseph Broodbank on the 14th of June, 1920.

In this period of falling business and heavy taxation the Corporation profited by the great strength of its position and the amount of its accumulated reserves and investments. The annual gross interest on the latter amounted in 1922 to no less a sum than £303,772 ; and the Corporation was able to continue the payment of the regular dividend, tax free (and with Income Tax at 6s. in the £ this was a

matter of some importance) of 80 per cent. In announcing the declaration of this dividend to the shareholders' meeting in the spring of 1923, Lord Claud Hamilton was able to refer to it as "the highest paid on its capital by any of the large Insurance Companies." That the general outlook continued very gloomy, however, was not to be denied and he warned shareholders that they must not comfort themselves prematurely by the fact of the Corporation's ability to declare such a dividend. He could see no assurance of any definite or solid improvement in trade. Sooner or later, he had no doubt a revival would come, however, and when it did come the Corporation would be in the best possible position to take advantage of it.

In the year 1923 while the prospects continued dark enough there was, in fact, a slight recovery in the premium income, which once more reached a figure just over £5,000,000, *i.e.*, £5,022,000. None the less there was a debit balance on the year's working of £275,000. This was largely owing to the fact that rates in America had been forced down to an unprofitable basis. Every effort was being made by the Companies to get back to reasonable figures, but as has already been explained the rates in the United States were subject to State supervision. Rates could only be increased by the authority of the Insurance Commissioners of the respective States and, before such authority could be obtained, the Commissioners had to be convinced, by the showing by the collective Companies on the figures for the past year, that the results of their operations had not been profitable. All these things—the collection and tabulation of the figures, the presentation of them to the Commissioners and the securing of their sanction—took time, and it was not to be expected that any general restoration could take place immediately.

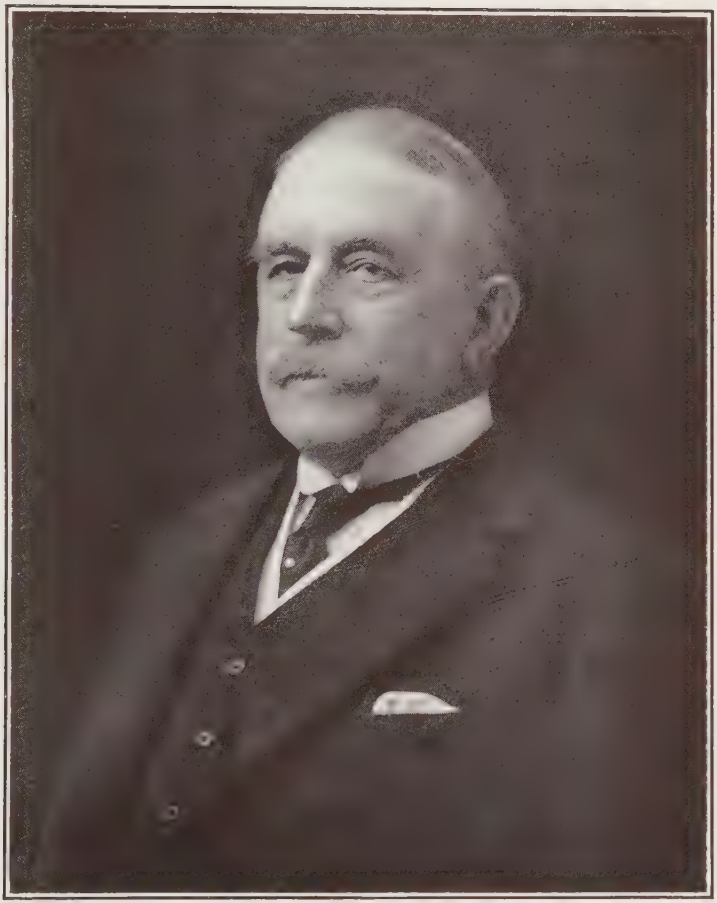
None the less rates in America were improved before the close of the following year with the result that the working for the year 1924 showed a debit balance of only £96,800, and it is extremely interesting now to compare the scope of the Company's operations at this period with what they had been in the early days. Not only was it now a great organization in itself, dealing in millions (investments this year amounted to £6,984,000), but it operated with and through a number of associated and auxiliary Companies, which in themselves were institutions of very considerable magnitude.

We have seen in the preceding chapter the organisation of the two new Companies in America and the formation of The Employers' Group; in addition to which there were the Clerical, Medical and General and the Merchants' Marine Insurance Companies. For the first years of their existence the Corporation was expecting no profits from the new Companies in the United States. The connection with the Clerical, Medical and General was from the beginning very satisfactory, but that with the Merchants' Marine Insurance Company had given great cause for anxiety.

References have already been made to the unfortunate affairs of the Merchants' Marine Insurance Company which formed the one disagreeable subject in the Chairman's addresses to successive annual meetings. Up to and including the year 1928 the Company had involved the Corporation in a loss of something like £750,000, to meet which a sum (usually amounting to £100,000) had been taken from the reserves in successive years.

How the conditions in the Marine Insurance field were permitted to get into the state that they did it is not easy to understand. As Sir Joseph Broodbank said at the annual meeting of 1929 :

" Here is a business absolutely necessary for the



SIR EDWARD WARD, Bt., G.B.E., K.C.B., K.C.V.O.
Chairman 1924–1928.

country's vast overseas trade—a business which is almost the oldest in London—with some hundreds of years of experience to guide it—a business managed by men of acknowledged skill, usually very highly recompensed, who claim almost pontifical authority—and get it : yet for the last seven years millions of pounds have been lost to the shareholders of Marine Insurance Companies."

The Employers' Liability Assurance Corporation had come into the field at an extremely unfortunate moment and it was faced at once with unpleasant necessities. There was an accumulation of losses which had to be liquidated under any circumstances; and that fact was faced, as we have seen, by the sacrifice of something like three-quarters of a million pounds. The Directors then had to consider whether or not the Merchants' Marine Company should be wound up, but they decided to continue it, largely because the Company was identified in many parts of the world with the Corporation and was transacting in its own name a small but growing business in other lines than Marine Insurance at a reasonable profit. Then a large portion of its business was in hull underwriting and on this, owing to an agreement among underwriters, advanced rates were now being obtained, which was a hopeful feature. Finally, the Chairmen of the various Marine Companies had got together and were engaged in putting matters on a better and more reasonable footing. The Directors of The Employers' Liability Assurance Corporation therefore decided to continue their guarantee of the policies issued by the Merchants' Marine, feeling that the worst, at all events, was over and that there was some possibility that the investment would ultimately work out its salvation.

It is curious to contemplate the little Company which we have seen formed in 1880, now regarding without undue anxiety an association with a

subsidiary organization which had caused it a loss of three-quarters of a million.

In this year, however, all other incidents were thrown into the shade by the catastrophe which occurred on January 26th, 1925, when Lord Claud Hamilton died.

It is not possible to put into adequate words the debt which the Corporation owed—and still owes—to Lord Claud Hamilton. It was extremely fortunate in securing him as its first Chairman, as it was in the formation of its first Board of Directors, and most fortunate of all in the fact that Lord Claud should have been spared to serve the Corporation for 43 years.

From the first he had taken the highest view of the Company's functions and had shown pride in his association with it. Both by the part which he took in helping to lay down the lines of the characteristic policy which has stood the Corporation in such good stead, as well as by the confidence which his chairmanship created among the shareholders and in the eyes of the general public, the value of his contribution to the success of the Corporation is beyond calculation.

The annual meeting of March, 1925, was presided over by Sir Edward Ward, Bart., who had been elected to succeed him.

The next year, *i.e.*, for the calendar year 1925, there was a slight increase in the premium totals which now amounted to £5,375,903 and the total investments stood on the books at £6,882,000.

The second death in this year which was a matter of great regret to all those associated with the Corporation and who knew its history, was that of Mr. Edward Shirley Chapman, who was chief partner of the firm of Edward Chapman & Co., who had been the Corporation's representatives for Australia since 1886, or close upon 40 years.

The most notable event in the year 1926 was the visit of Sir Edward Ward and directors and officers of the Corporation to America, for the opening of the Samuel Appleton Building which has already been described. Speaking of the gathering at the ceremony, Sir Edward Ward said to the Annual Meeting of Shareholders that "it was a most impressive and enthusiastic meeting and the encouragement and assistance which our presence there gave were equalled by the confidence and assurance it gave to us that our great business there was handled by a most loyal, enthusiastic and capable body of men."

By the death of Mr. Appleton, which followed so soon after the opening of the building which bears his name, the corporation lost another valuable and distinguished officer who had served it with great energy and ability. It was fortunate that the Corporation had at hand a gentleman of the character and capacity of Mr. Edward C. Stone to step into his place.

The premiums this year showed a handsome increase of £802,225, and investments now stood on the books at the figure of £6,958,000 which, Sir Edward Ward was able to tell the meeting, was £96,000 less than their market value at that moment in spite of the general depression which still prevailed.

In 1928 the Corporation was to lose Sir Edward Ward, whose death occurred in August, and the annual meeting of March, 1929, was presided over by Sir Joseph Broodbank, the present Chairman of the Corporation.

Sir Edward Ward's association with the Employers' had been brief, but he was an admirable Chairman, a man of great popularity, who was as sound a man of business as he was distinguished as a soldier and public servant. A sketch of his life will be found in an Appendix, together with that of Lord Claud Hamilton.

It will be well to turn aside from the course of this general narrative at this point to summarise the latest legislation in England dealing with Workmen's Compensation.

Reference has already been made to the passage of the Workmen's Compensation Act of 1923, which finally repealed the War Addition Acts of 1917 and 1919. By the Act of 1923, which went into force on the 1st January following, compensation for death was increased to a minimum of £200 with a maximum of £600 (as against £150 and £300 in former Acts) and the compensation for disablement to a maximum of 30s. per week, the period for which no compensation was payable being reduced from one week to three days.

In 1925 another Act was passed which did no more than consolidate the existing statutes of 1906 and 1923, making no alteration in the terms of compensation. In addition to these Workmen's Compensation Acts, special schemes for dealing with the disease known as "silicosis" have been from time to time formulated by the Home Secretary under authority provided by what are known as the Silicosis Acts of 1918 and 1924 and the Workmen's Compensation Act of 1925.

In 1919 the Refractory Industries (Silicosis) Scheme was applicable to industries which required the handling of refractory material—as for example Ganister works—and provided for compulsory insurance in a trade compensation fund, supervised by the State, and also for compulsory medical supervision. Further schemes were formulated in 1927, known as the Metal Grinding Industry Scheme (applicable only to trades engaged in the grinding of metal by silicious material). The Various Industries Scheme of 1928 (applicable to a large number of industries where Silica rock is handled) and the Sandstone Industry Scheme in 1929 (applicable to employees

engaged in the sandstone industry), which provides for compulsory insurance in a trade compensation fund supervised by the State.

To return to the general narrative :

With Sir Joseph Broodbank's accession to the Chairmanship in 1928, Sir Courtauld Thomson became Deputy Chairman. The affairs of the Corporation continued to flourish in spite of the difficulty of the times. The premium income in 1928 amounted to £7,492,000, being £700,000 more than it was in the boom period of 1920, before the collapse occurred ; and the investments, at current prices, were £7,563,800. The payment of the 80 per cent. dividend was continued. In concluding his first address to the shareholders, as Chairman, Sir Joseph Broodbank said :—

" You have, take it as a whole—and insurance transactions can only be regarded as a whole—a fine business, wide-spread over the whole world, and you have a high reputation which is international ; your finance is perfectly sound and healthy ; you have a competent staff to organise and administer your business. What else can we do but to look forward to the future with confidence ? "

There were not many businesses at the commencement of 1929 the Chairman of which could talk so cheerfully ; and perhaps still fewer in which that cheerfulness would have been so well justified, for the last year has again shown an increase in premiums of £193,500. The investments at the end of 1929 amounted to £8,095,600. In spite of the very serious depreciation of almost the whole list of securities on the Stock Exchange, in response to the collapse of the frenzied speculation in the United States, the Chairman was able to point with satisfaction to the remarkable fact that the Company's investments, amounting to such a total as they did,

should have suffered depreciation of only about 1 per cent.

Not the least encouraging feature of the year, as set forth in Sir Joseph Broodbank's address to the Annual Meeting, was that he was able to speak with something like confidence in regard to the Merchants' Marine Company. He had spoken with a note of hopefulness of the prospects in the preceding year and at the meeting of March 27th, 1930, he felt able to say that there was a reasonable likelihood that in the future premiums would balance losses and expenses. "With some improvement in shipping, with common sense in the marine market and with the full development of the Marine Company's premises in Cornhill, I believe we are justified in hoping there should be eventually a profit on our transactions."

Summarizing the Corporation's existence at that meeting, Sir Joseph said :

"In 1880 The Employers' Liability Assurance Corporation was incorporated. In the 50 years since then we have left our name untouched but our purpose has been so enlarged that, either directly or indirectly through the associated companies, we can take every form of insurance.

"Our operations extend to most of the countries in the world where it is possible to transact insurance business with a chance of securing a reasonable return for our services. . . . The aim of the management throughout has been the rendering of honest, efficient service in return for the payment made ; and without undue boasting I think we may claim that it is the constant carrying out of that aim which has made the Corporation one of the most successful British commercial ventures of recent years."

This claim was undoubtedly well founded. The record of the Corporation seen in retrospect is a remarkable one. At the end of the first year the

Corporation had a share capital of £100,000 the total income for the year was £38,939, and the total assets £119,414. From that period, tracing the development of the Company's business by decades, we find the following :—

	Total Income of the year.	Share Capital paid up.	Total Assets.
	£	£	£
1889	254,908	100,000	271,388
1899	348,662	150,000	501,761
1909	1,108,450	200,000	1,722,245
1919	5,891,678	200,000	7,869,347
1929	8,062,316	384,772	10,232,069

The above figures do not include any business of the Corporation's associated companies.

During the half-century of its existence it has paid to its policy-holders upwards of £55,000,000, has paid in dividends to its shareholders £4,257,445 and —a fact which is worth noticing—it has paid in taxation throughout the world rather more than it has to its shareholders, namely, £4,295,000.

More than once in the foregoing chapters reference has been made to what has been called the habit of continuance among those connected with the Corporation and we have seen how such men as Lord Claud Hamilton, Mr. Samuel Appleton and others continued in the service for upwards of 40 years. At the present moment the following, still in the service, have all been associated with the Company for upwards of that length of time :—

United Kingdom.	Joined.	Service.
1. W. E. Gray, *General Manager*	1888	42 years.
2. W. J. Ralph, *Assistant Manager and Secretary.*	1890	40 ,,
3. C. H. Collingwood, *Supt. Foreign Dept.*	1887	43 ,,
4. A. F. Lloyd, *Claims Manager*	1888	42 ,,
5. A. H. Taylor, *Supt. Policy Dept.*	1890	40 ,,

United Kingdom.	Joined.	Service.
6. W. A. Braithwaite, *West End Branch Manager.*	1890	40 years.
7. E. J. Spencer, *Statistical Dept.*	1890	40 „
and in the United States :—		
Percy W. Linscott, *U.S. Claims Manager.*	1890	40 „

In addition to the foregoing, the following continued in the service of the Corporation for 40 years and upwards and are now enjoying their well-earned retirement :—

United Kingdom.	Joined.	Service.
1. H. Leaver, *Manager Claims Dept.*	1882	41 years.
2. W. T. Treen, *Branch Manager, Birmingham.*	1882	47 „
3. L. Harrison, *Accountant* ..	1886	43 „
4. T. A. Searle, *Supt. Colonial Dept.*	1886	43 „
5. C. E. M. Morson, *Accounts Dept.*	1887	40 „
6. E. M. Mackie, *Claims Dept.*	1888	40 „
7. T. N. Smith, *Branch Manager, Dublin.*	1886	44 „
8. C. W. Pooley, *Dublin Branch*	1887	42 „
9. M. J. Mackie, *Branch Manager, Liverpool.*	1881	43 „
10. L. F. Wilcher, *Branch Manager, Leeds.*	1882	46 „
11. G. J. M. Clark, *Branch Manager, Newcastle-on-Tyne.*	1888	41 „
12. J. S. Miller, *Inspector* ..	1888	42 „
U.S.A.		
1. W. R. Freethy, *Supt. Claims Dept.*	1886	41 „

In Sir Philip Waterlow, Bart., the Corporation still rejoices in the presence on its Board of one of the

SIR PHILIP H. WATERLOW, Bt.

Director for 50 years, 1880-1930.

original directors of half-a-century ago. In commenting on the annual meeting of March last, the "Policy Holder" speaks of Sir Philip Waterlow as follows :—

"UNIQUE INCIDENT AT EMPLOYERS' LIABILITY MEETING.

"At the fiftieth annual meeting of the shareholders of The Employers' Liability Corporation, on Wednesday last, there was an interesting digression which is probably unique in the history of Insurance Companies. The Chairman was able to congratulate Sir Philip Waterlow upon the fact that he was present on that occasion hale and hearty, and almost as alert as he was fifty years ago when he (Sir Philip) attended the first meeting of the Corporation. Never before have we heard of anyone attending the first meeting as well as the jubilee meeting of a company, and we add our congratulations to those of the Chairman, board and other shareholders."

Similarly in the United States Mr. Henry M. Rogers was appointed to the Executive Committee in March, 1887, and still acts as Chairman of that Committee.

In conclusion it is impossible not to refer again to the fact, which these figures of length of service emphasize, of the extraordinarily pleasant relationships which always existed between the Directors and Officers of the Corporation and its shareholders, and no less—perhaps even more—between the Corporation and those with whom it has done business and its own agents and associates in all parts of the world.

It has, in fact, been served throughout with conspicuous loyalty and enthusiasm ; and no one could follow in detail the story of its progress without being impressed by the uniform courtesy and kindness with which the Board and the Management have

always treated those with whom they came officially in contact and also the affectionate feeling which its employees have displayed towards the Corporation. It has been conspicuously well served. It is not, however, surprising. The fact which has been crystallized in many proverbs in general currency, as that " you may tell a man by the company he keeps," and that " birds of a feather flock together," and so forth, is—as every business man knows—especially true in the commercial and financial world. Good men attract good men ; and it is only necessary to repeat that the Corporation has been quite extraordinarily fortunate in the character both of the men who organised it and of those who have been called to preside over its destinies throughout its history.

APPENDIX "A"

Chairmen and General Managers of the Corporation.

I.—LORD CLAUD HAMILTON
(*Chairman*, 1881-1925).

Lord Claud Hamilton was born on February 20th, 1843, the second son of the second Marquess and first Duke of Abercorn. He joined the Grenadier Guards from Harrow in 1862, retiring in 1867, when he became Colonel of the 5th Royal Inniskilling Fusiliers ; he was also A.D.C. to Queen Victoria. His Parliamentary career was long, but interrupted. He was first returned, to Lord Palmerston's last Parliament, at the age of 22, as a Conservative for Londonderry City in 1865, and was for a time a Lord of the Treasury. His defeat was one of the surprises of the General Election of 1868. In the following year he was elected for King's Lynn, and sat till 1880, when he was returned for the old borough of Liverpool and later for the West Derby division of that city. In 1888 he retired from Parliament owing to the claims of his directorships, and he did not return till 1910, when he was elected for South Kensington, and he finally retired in 1918. In seconding the re-election of Mr. Lowther as Speaker in 1911, Lord Claud said that he had made his first speech exactly 45 years before, and he could not see around him one member left who was in the House at that time. He was High Steward both of Great Yarmouth and of Harwich, was sworn of the Privy Council in 1917, and was a Knight of Justice of the Order of St. John.

In the course of the obituary notice in "The Times" published at the time of his death on January

27th, 1925, we read :—" Lord Claud was a typical aristocrat. A well-meaning, warm-hearted man, he was by no means intolerant of political views opposed to his own. He was impatient, like most Irishmen, but he was loved by all who knew him well. In the opinion of some of his closest friends he would have been more successful had he pursued a purely political or diplomatic career, for which he had undoubted gifts. Though he never made any secret of his hostility towards those he disliked, he was intensely loyal to those who enjoyed his confidence. With pride of race and training went a firm confidence and pride in himself. He was always ' very well turned out ' ; his manner, though courteous, was decisive ; at the bottom, beneath a crust of reserve, was a very kind heart.

" If his name inspired fear, yet, as Guardsmen knew, it could be relied on in extremity, and many a man on leave from East Anglia has had cause to be thankful that the chairman of the Great Eastern Railway had another identity as a soldier's friend in the President of the London branch of the Grenadiers' Old Comrades Association. His directorship of the Great Eastern Railway dates as far back as 1872, when he was chosen to fill a vacancy caused by the retirement of the late Lord Salisbury. Three years later he was elected deputy-chairman, and succeeded the late Mr. C. H. Parkes as chairman in September, 1893. With the Company's staff he was extremely popular. This was due in part to the fact that when travelling in his private coach on the Great Eastern he made it a habit at every station to get out and have a few words with the station-master and the chief porter, with whom he invariably shook hands. He had an admiration for the London ' cabby ' also, and the cab-drivers at Liverpool Street, who liked to exchange chaff with him, were always eager to drive him. In the welfare

of the staff of all grades he took a keen interest, and his work for the superannuation and pension and sick and orphan funds will long be remembered.

" In games such as cricket, football and rackets, Lord Claud had played his part, and he could stand a long day's shooting almost to the last. The writer remembers in particular one hot September day when Lord Claud, who was already 70, and had been walking after partridges since breakfast, insisted on changing into flannels on his return, in the late afternoon, and played first-rate lawn tennis till dark. He was also fond of fishing and music, and prided himself on his artistic taste. He supervised the decorations of the Great Eastern Hotel and was responsible for the introduction of a band there. He was a very popular figure at the Carlton Club, of which he was chairman for some years. In social life he hated bores, and much preferred the society of the young.

" During the war he took a very active part in the Special Constabulary, of which he was a commandant. He married, in 1878, Carolina, daughter of Edward Chandos Pole, of Radbourne Hall, Derby ; she died in 1911.

" Hamilton's railway interests were not confined to the Great Eastern Railway, for he served for some time as chairman of the Railway Clearing House and of the Railway Association. He also presided over the Board of the East London Railway Company and was director of the Sheffield District Railway Company. Other corporations in which he was interested were the Egyptian Hotels Limited, of which he was chairman, the Guayaquil and Quito Company (London) board, the Hadfield Steel Foundry Company, Limited, and the London and South-Western Bank Limited, of all of which he was a director. He was also a member of the committee of the Corporation of Foreign Bondholders."

II.—Sir EDWARD WARD, Bart.

(*Chairman*, 1925-1928).

The following is condensed from the lengthy obituary notice published in "The Times" of September 12th, 1928 :—

Edward Willis Duncan Ward was born at Oban on December 17th, 1853, the only son of John Ward, a captain in the Royal Navy, and Mary Hope, daughter of John Bowie. He was educated at a private school and entered the Army at the age of 21 as a departmental officer. His first active service was with the Sudan Expedition in 1885. He was present at the engagements of Hasheen and Tofrek and the advance on Temai, winning a mention in dispatches and promotion to Assistant Commissary-General. Shortly after the formation of the Army Service Corps, in place of the old Commissariat in 1885, he became a major in that corps and in 1890 a lieutenant-colonel. In 1892 Lord Wolseley, whose eye he had caught in the Sudan, recommended him for appointment to the Staff, and he was sent to Dublin as D.A.A.G., at Headquarters. Three years later Wolseley again selected him for special service as A.A.G. with the Ashanti Expedition. Here he won another "mention" and the C.B. He returned home to become D.A.A.G., Home District.

Ward remained in London till the outbreak of the South African War in 1899, the first big test in the field of the new supply and transport system, as reorganized by Sir Redvers Buller ten years earlier. Then a brevet-colonel, he was one of a batch of Army Service Corps officers sent out by Lord Wolseley to prepare the way for the field force. Colonel W. D. (later Sir Wodehouse) Richardson was in charge of supplies with headquarters at the base at Cape Town, and Colonel Ward was appointed chief supply officer in Natal. In October,

1899, Sir George White began to concentrate his forces at Ladysmith and to accumulate there a large reserve of supplies. His foresight and the energy of Col. Ward in collecting food from local resources and from England thus made possible the long siege which Ladysmith was to undergo.

After the first few weeks the entire population became dependent on Ward for its daily food. With the aid of his subordinates of the Army Service Corps he was prepared for every emergency. It was at the end of February, 1900, that Ladysmith was relieved by Buller.

Col. Ward's services in South Africa were rewarded by appointment to be K.C.B. and special promotion to colonel.

The South African War was followed by important changes at the War Office, partly as a result of the recommendations of the Clinton Dawkins Committee, which included the militarization of the War Office clerical staff. The first step in this direction was taken by Mr. St. John Brodrick in April, 1901, when he appointed Colonel Sir Edward Ward Permanent Under-Secretary of State, in succession to Sir Ralph Knox.

There were many who prophesied failure for so bold an experiment. But Ward's military career had been spent mostly in administrative work, and he was endowed not only with the necessary experience but also with personal qualities, which enabled him to make the new order of things a success. For 13 years he remained at the head of the clerical establishment of the War Office. The policy of militarization was carried out largely by an interdepartmental committee under Ward himself, and very soon after his arrival the civilian clerks were withdrawn from the military divisions of the War Office. Their places were taken by Army men, including a proportion of retired officers and ex-soldiers.

Every effort for the welfare of the soldier and his dependents found in Ward a ready helper. He made time to serve on many committees and inquiries of this nature, in addition to his regular work at the War Office. He was specially concerned in finding civil employment for discharged sailors and soldiers and reservists, and in providing those still serving and on leave with a resting place in London by the foundation of the Union Jack Club, of which he became the first president. The club, adjoining Waterloo Station, was opened in 1907.

On his retirement from the War Office in 1914 Sir Edward Ward, who had been made a K.C.V.O. in 1907, was created a baronet.

In October, 1914, Lord Kitchener appointed Sir Edward Ward, already occupied in organizing the Special Constabulary, to represent him "in all matters connected with the general comfort of the Colonial contingents and in the administrative action in connection therewith." Later he was appointed Director-General of Voluntary Organizations. Few other men could have attempted so difficult a task, but his broad shoulders bore the burden lightly. He even added to it the work of chairman of the Camps Library. For his great and varied services to the Empire during the War he was created G.B.E. in 1919. He was also an officer of the Legion of Honour and Knight of Grace of the Order of St. John. He was honorary colonel of the 47th (2nd London) Divisional Train from its formation as a unit of the Territorial Army Service Corps in 1908, and was also honorary colonel of the Canadian Army Service Corps.

Sir Edward Ward married, in 1880, Florence Caroline, daughter of Mr. Henry Minchin Simons, of Courtfield-gardens, S.W., and had two sons.

R. J. CROWE,
Assistant Manager.

S. H. PALMER,
Agency Manager.

III.—SIR JOSEPH BROODBANK

(Chairman since 1928.)

Sir Joseph Broodbank, the present Chairman, joined the Board of The Employers' Liability Assurance Corporation on the invitation of Lord Claud Hamilton in the year 1916, succeeding to the vacancy created by the death of Mr. Salomons. He was elected Deputy Chairman in February, 1925 and succeeded to the Chairmanship in 1928 on the death of Sir Edward Ward.

Joseph Guinness Broodbank was born at Poplar on July 15th, 1857, the son of Caleb Broodbank. Educated at private London Schools, he entered the service of the East & West India Dock Company in 1872 at the age of 15. Becoming an efficient Shorthand Writer, he was appointed secretary to the General Manager of the Company. In that capacity he availed himself of the opportunity afforded him of obtaining a close insight into the Company's business and also into the conduct of the great enterprises connected with the Port of London. The financial condition of the London Dock Companies in the last quarter of the 19th Century had become most unsatisfactory, partly due to changes in trade and partly to insensate competition amongst the Companies. One result of this state of affairs was that in 1888 the East & West India Dock Company found itself in the hands of Receivers and Managers appointed by the Court of Chancery. A reconstruction of the Board followed and at the end of 1888 Mr. Broodbank was appointed secretary of the Company. The unravelling of the complicated financial tangle and the improvement of the revenues of the Company entailed immense labour on the reorganized Board, the chief burden being borne by the Chairman, the present Lord Knutsford—then the Hon. Sydney Holland—and

by Mr. Broodbank as Secretary. Eventually, in 1901, the position became ripe for a complete amalgamation of the Company with its old rival the London & St. Katharine Docks Company, and Mr. Broodbank was appointed Secretary of the new Company which was named the London & India Docks Company.

Meanwhile, the need of reform in the Port of London had been brought home to the Government chiefly by the action of the Dock Companies, and, following upon the report of the Royal Commission 1902, various proposals were discussed for reorganizing the Port. Nothing practical resulted until Mr. Lloyd George, as President of the Board of Trade in 1908, was able to carry through his measure for the establishment of the Port of London Authority. In all these proceedings, Mr. Broodbank was one of the chief figures.

Mr. Broodbank was, in company with Mr. Harry Gosling, the first Board of Trade representative on the new Authority and from 1909 until 1920 was Chairman of the Dock and Warehouse Committee which was responsible for the management of the Port of London Dock System. At the time of the great Dock strike of 1912 he was Chairman of the Employers' Committee which fought and ended the strike.

When War broke out, Mr. Broodbank was one of the chief initiators and members of the Port and Transit Executive Committee which controlled the operations of the whole of the Docks and Harbours of the United Kingdom during the War—a most important work in its bearing on the transport of troops and the provision of supplies for the whole country. It was primarily for his services in this connection that on Mr. Lloyd George's recommendation he received the honour of Knighthood in 1917.

Though Sir Joseph Broodbank finally retired from the Port scene in 1922 after 50 years' service, he rendered an important service to the Port by writing his " History of the Port of London," a work which must always be of interest and carry authority with all students of Port Management.

In the present connection, it may be noted that from 1901 to 1920 Sir Joseph had charge of all insurance matters connected with the London Docks.

During the War the work of the Food Investigation Board of the Scientific and Industrial Research Department came into prominence in connection with the conservation of food supplies, and in association with the Low Temperature Station of Cambridge University for research in Bio-Chemistry and Bio-Physics this Board still continues its work of research. Sir Joseph Broodbank is the Chairman of the Food Investigation Board and a member of the Committee of Management of the Low Temperature Station.

Another direction in which Sir Joseph has rendered public service has been in connection with the preservation of the navigable channel of the Rhine between Basle and Strasburg, which was threatened by the promotion of a Scheme for utilising Rhine water for power purposes. Organizing a Committee having British interests in Switzerland, he was able to secure with their help and the cordial aid of Mr. Stanley Baldwin, all the necessary safeguards for the preservation of the navigable channel in the event of the power scheme being proceeded with.

Sir Joseph was honoured by being appointed President of the Institute of Transport 1922-1923. He is British Commercial Adviser to the Central Rhine Commission and a Technical Adviser to the League of Nations.

Having lived most of his life in Essex, he takes part in public work there as a Justice of the Peace

and as a member of the Lord Lieutenant's Advisory Committee and of the Essex Sewers Commission.

Nothing is however dearer to his heart than his association with the Poplar Hospital for Accidents, of whose Committee he has been a member for 37 years, during which time he has been the responsible Chairman for 22 years. Poplar Hospital has the almost unique record of having done a noble work and never having been in debt.

IV.—Mr. SAMUEL STANLEY BROWN (*General Manager*, 1881-1911).

Mr. Samuel Stanley Brown was the first General Manager of the Corporation on its organization in 1881, and the office of Secretaryship was added later in the year. He held the combined post until 1907, when Mr. Gray was appointed Secretary, and he continued as General Manager until December, 1911, when he was elected to a seat on the Board of Directors. There is no doubt that the great success of the Company at the start and throughout the first 30 years of its existence was largely due to Mr. Brown.

He was the son of Samuel Brown, a Stockbroker, of London and Hull and was born at Hull on June 12th, 1841. He was educated at the City of London School and at Cambridge. He was appointed Secretary to the Governors of Dulwich College in 1872, and Secretary to the Commercial Union Assurance Company in 1874, a position which he left to become the first General Manager of the Employers' Liability Assurance Corporation. Mr. Brown was a man of broad culture and of many activities. He was president of the Insurance Institute of Great Britain and Ireland in 1909-1910, and

was chiefly instrumental in organizing the movement which was eventually successful in obtaining the charter which makes that Institute now known as the " Chartered Insurance Institute."

He was a J.P. for the County of London, a Chairman of Fuller's Earth Union Limited and a member of the board of Estates Governors of Dulwich College.

He travelled extensively in connection with the business of the Corporation in Europe as well as in the United States and Canada, and was in addition a most able business man and loyal colleague, a very excellent companion and a charming personality.

His chief recreations were rowing and bicycling and he was a member of the Bath Club. When he died he was mourned by a very large circle of friends, both in the business world and in society generally.

Mr. Brown was not a talker, and through his long connection with the Corporation he was very rarely heard from at the shareholders meetings, and the remarks which he made at the time of his resignation and election to the board were characteristic :—

" My Lord and gentlemen : I am very pleased to respond and thank the shareholders (it is almost the first time I have had the privilege of addressing them) for their election of myself to a seat on this board, and for giving me the power to look forward and to act for three years at least with the present members, whom I have known in another capacity for many years. I think this is an occasion in which we might for a few moments look behind. We are finishing the first term of our existence of 30 years—we are paying 30 per cent. and we have established ourselves in every possible way as a sound and vigorous company. I think it wise at any rate in my own interest to mention what are the results which have been achieved by the company during my

period of management. I think you will find, if you take these 30 years and divide them into periods of five years each, there has been an increase of profits and also a constant increase of what we in this company call Free Assets, that is to say assets which remain after you have taken away all liabilities that accrue against them. We have reserve profits to the extent of £1,330,000 at the end of the 30 years and we have accrued at the end of that period something like £900,000 of free assets.

"Well, gentlemen, that is a record that is extremely satisfactory to this company, extremely satisfactory to you and to the board and in so far as I can claim any part in it, it is very satisfactory to myself.

" I think it is only right to stand up and claim my share in this achievement before I pass into the ranks of the board, because I shall speak in future only as a member of that board."

It is recorded in the foregoing pages how small a portion of these three years—to which Mr. Brown looked forward—he was destined to be allowed to be a member of the Board. His death occurred on April 29th, 1912, only four months after his election as a Director.

V.—Mr. W. E. GRAY

(*General Manager* since 1911).

Mr. W. E. Gray, the son of Wm. C. Gray, the late general manager of John Moir & Sons Limited, was educated at the Cathedral School, Hereford and went thence to St. John's College, Cambridge, where he graduated in the Law Tripos in 1880. Coming to London he read for the Bar and was called by the Inner Temple in November, 1883, and was already acquiring a substantial practice when

in May, 1888, he was persuaded to join The Employers' Liability Assurance Corporation as its Chief Inspector. In July, 1889, a year later, he was appointed Assistant Secretary and continued in that office until 1907, when he became Secretary and Assistant Manager. Four years later, on the 1st January, 1912, he became General Manager, an office which he has now filled for 19 years.

Among other positions which Mr. Gray has occupied have been those of President of the London Insurance Institute 1920-21 and President of the Chartered Insurance Institute 1921-22. He has acted besides on various Government Committees, including the Departmental Committee (Home Office) on Workmen's Compensation in 1919, and is an active member of the Accident Offices Association. He was also a member of the Departmental Committee of the Board of Trade appointed in 1925 to enquire and report what amendments were desirable in the Assurance Companies Act of 1909 ; and he has testified before various boards.

As for the value of his work for the Corporation, the words of Sir Edward Ward at the Annual Meeting of March, 1927 are worth quoting when he said :—

" The longer I have the honour of being a member of your Board and very especially of being your chairman, the more earnestly and gratefully I feel our great good fortune—if he will allow me to say so—in possessing Mr. Gray. I have had the advantage of close association with him and I know his perfect knowledge of all insurance matters and the consummate tact and skill with which he not only conducts our business, but also endears himself to the whole staff over whom he presides. The Board and you—our shareholders—are united in our gratitude to him for his splendid and untiring work in our interests."

At the meeting of March, 1929, Sir Joseph Broodbank said :—

" I want to say on my own behalf and on behalf of my colleagues that in the case of the Corporation our chief stay for its successful working is the ability of Mr. Gray and that during the past year he has had more demands than ever upon his time and skill and that, as always, he has risen to the occasion triumphantly. When Mr. Gray reflects on the history of the Corporation during the years he has been its general manager and considers the present position, he may well be proud of the record. In 1912 when he was appointed to that office the premium income of the Corporation was £1,405,011. Last year it was £7,492,501. In 1911 the dividend was, on to-day's denomination of the shares, 1s. 1d. per share, free of tax at 1s. 2d. in the £. For last year it is 4s. a share free of tax at 3s. 10½d. in the £—nearly fourfold. Few companies can show such an achievement."

HUGH C FLOWER
SIR CAMPBELL STUART K.B.E.

APPENDIX "B."

Directorate of the Corporation.

Name.	Appointed.	Ceased to act.
Lord CLAUD HAMILTON	1881	1925
C. F. H. BOLCKOW	1881	1892
H. C. BRIGGS	1881	1881
Sir STUART S. HOGG	1881	1881
N. B. BARRINGTON-KENNETT	1881	1881
ROBERT MILBURN	1881	1910
PHILIP H. WATERLOW (now Sir Philip Waterlow, Bart.)	1881	—
W. H. MAUDSLAY...	1881	1927
A. BOWER	1881	1890
R. O. WHITE	1881	1892
H. CHAPMAN	1881	1908
J. G. WATSON	1881	1885
LEOPOLD SALOMONS	1881	1915
RONALD JOHNSTON	1881	1887
C. THOMAS	1881	1902
A. B. FORWOOD	1881	1886
H. W. MAYNARD	1881	1918
Sir W. B. FORWOOD	1886	1912
Sir W. T. LEWIS	1892	1895
W. E. P. MARTIN	1896	1900
E. H. LLEWELLYN	1902	1914
J. ORRELL	1909	1917
S. J. G. HOARE (Now The Right Hon. Sir Samuel Hoare, Bart., G.B.E., C.M.G., LL.D., M.P. ...)	1909 1924 1929	1922 1924 —
S. S. BROWN	1912	1912
H. D. FLOWER	1913	—
Sir EDWARD W. D. WARD, Bart., K.C.B., K.C.V.O.	1914	1928
J. G. BROODBANK (now Sir Joseph Broodbank)	1916	—
G. H. CAMPBELL (now Sir Gordon Campbell, K.B.E.)	1917	—
Sir RALPH C. FORSTER, Bart.	1919	1927
F. E. J. SMITH	1920	—
A. D. BESANT	1920	—
Sir COURTAULD THOMSON, K.B.E., C.B....	1925	—
J. A. GOUDGE, C.B.E.	1926	—
Sir GEOFFREY BUTLER, K.B.E., M.P. ...	1927	1929
Sir CAMPBELL STUART, K.B.E.	1929	—

Members of Boards and Committees in the United States.

Advisory Board.

Name.	Appointed.	Ceased to act.
CHAUNCEY M. DEPEW	1892	1900
Wm. ALLEN BUTLER, Jr.	1892	1922
SAMUEL SLOAN	1892	1907
General FRANCIS V. GREENE	1901	1920
Wm. D. BALDWIN	1908	1930
FRANK G. WEBSTER	1918	1930
JOHN LOWELL	1918	1921

Board of Trustees.

Name.	Appointed.	Ceased to act.
OLIVER W. PEABODY	1886	1896
JOHN LOWELL	1886	1897
Wm. A. FRENCH	1886	1902
SAMUEL SLOAN	1886	1907
CHAUNCEY M. DEPEW	1886	1900
FRANK G. WEBSTER	1896	1918
JOHN LOWELL, Jr.	1897	1918
Wm. D. MANDELL	1902	1914
C. MINOT WELD	1914	1918

Board of Trustees terminated 1918, New England Trust Company appointed.

Executive Committee.

Name.	Appointed.	Ceased to act.
Wm. A. FRENCH	1887	1902
JOHN LOWELL, Jr.	1887	1891
HENRY M. ROGERS	1887	—
L. S. TUCKERMAN	1892	1892
W. E. STOWE	1894	1904
JOHN B. THOMAS	1902	1924
CHARLES F. ADAMS	1904	—
CHARLES L. EDGAR	1908	—
ROGER PIERCE	1922	—
S. PARKER BREMER	1924	1925
SAMUEL APPLETON	1926	1926

Finance Committee.

Name.	Appointed.	Ceased to act.
SAMUEL APPLETON	1925	1926
CHARLES F. ADAMS	1925	—
Wm. ENDICOTT	1925	—
ROGER PIERCE	1925	1929
EDWARD C. STONE	1926	—
A. C. RATSHESKY	1929	—
CHARLES L. EDGAR	1929	—

WILLIAM D BALDWIN
CHARLES L. EDGAR
THE HON. CHARLES F. ADAMS
ROGER PIERCE
THE HON. A. C. RATSHESKY

APPENDIX "C."

Foreign and Overseas Branches of the Corporation.

Argentine—Buenos Ayres. General Agents, Morea & Co.

Australia—Chief Office at Sydney. Manager, E. S. Chapman.

Belgium—Chief Office at Brussels. Agent, P. Grosfils-Berger.

Canada and Newfoundland—Chief Office at Montreal. Manager, C. W. I. Woodland ; Assistant Manager, John Jenkins.

Ceylon—Colombo. Agents, C. W. Mackie & Co., Ltd.

China—Chief Office at Shanghai. Far Eastern Manager, F. R. Barry. Agents, Arnhold & Co., Ltd.

,, —Hong Kong. Agents, Arnhold & Co., Ltd.

Cuba—Havana. Agents, The Trust Co. of Cuba.

Dutch East Indies—Batavia. Agents, Burt, Myrtle & Co.

Egypt—Chief Office at Alexandria. Agents, Grieve & Irwin.

France—Paris. Agent, Henri de Leseleuc.

,, —Havre. Agent, P. Giblain.

Greece—Athens. Agents, The General Shipping Co. ; St. E. Pappadimitriou & Co.

Hayti—Port-au-Prince. Agent, H. W. Hipwell.

Holland—Amsterdam. Agent, W. A. Hienfeld ; Agents, Roland, Holst & Zoon.

India—Calcutta. Branch Manager, D. C. Doyle.

,, —Bombay. Branch Managers, W. H. Brady & Co., Ltd.

,, —Karachi. Agents, Jas. Finlay & Co., Ltd.

,, —Madras. Agents, W. H. Brady & Co., Ltd. ; Agents, Tetley & Whitley, Ltd.

,, —Rangoon. Agents, Grahams' Trading Co., Ltd.

East Africa—Nairobi. Agents, Durant, Radford & Co., Ltd.

French Indo-China—Saigon. Agents, A. B. David & Co.

Mauritius—Port Louis. Agent, G. L. Hourquebie.

Philippine Islands—Manila. Agent, E. E. Elser.

Siam—Bangkok. Agents, Louis T. Leonowens, Ltd.

South Africa—Johannesburg. Agent, J. Liddle.

,, ,, —Durban. Agent, J. Liddle.

,, ,, —Cape Town. Agents, J. W. & B. Walsh.

Straits Settlements—Singapore. Agents, W. Jacks & Co. (Malaya), Ltd. ; Sime, Darby & Co., Ltd.

United States—Chief Office at Boston. Manager, Edward C. Stone.

Branches and District Offices—United Kingdom and Ireland.

London—13, King William Street, E.C.4. District Manager, H. Elton Marks.

,, 15, St. James's Square, S.W.1. District Manager, W. A. Braithwaite.

Aberdeen—214, Union Street. Resident Inspector, J. F. Shepherd.

Barnstaple—Westminster Bank Chambers. Resident Inspector, H. Nancarrow.

Belfast—4, Donegall Square North. District Managers, J. T. Reade & Son.

Birmingham—Colmore House, Waterloo Street. District Manager, A. S. Barnfield.

Blackpool—87a, Church Street. Resident Inspector, W. Procter.

Brighton—145, North Street. District Manager, A. H. Dilley.

Bristol—16 & 18, Clare Street, District Manager, E. W. Rodwell.

Burnley—74, Manchester Road. Resident Inspector, R. H. Bennett.

Cardiff—26, Windsor Place. District Manager, R. C. Hudson.

Carlisle—28, Lowther Street. Resident Inspector, T. Clegg.

Cheltenham—117, High Street. Resident Inspector, N. G. Rasbach.

Chester—22, Pepper Street. Resident Inspector, N. Powell.

Croydon—62, George Street. Resident Inspector, Leslie Holdom.

Derby—14, Corn Market. Resident Inspector, C. H. Castledine.

Devizes—Midland Bank Chambers. Resident Inspector, E. J. Bailey.

Doncaster—5-6, Manfield Chambers, St. Sepulchre Gate. Resident Inspector, N. E. Milnes.

Dublin—Hibernian Bank Chambers, St. Andrew Street. District Manager, Arthur W. Wheeler.

Dundee—33, Commercial Street. District Manager, C. B. M. Abbott.

Dunfermline—Commercial Bank Buildings. Resident Inspector, C. W. L. Ross.

Edinburgh—9, South Charlotte Street. Joint District Managers, G. D. Pike and E. A. Morony.

Exeter—Fox's Bank Buildings, 57, High Street. Resident Inspector, J. S. Mercer.

Glasgow—179, West George Street, C.2. District Manager, J. Macintosh.

Gloucester—County Chambers, Station Road. Resident Inspector, N. G. Rasbach.

Hastings—6, Trinity Street. Resident Inspector, G. H. Minton.

Hendon—194, Brent Street. Resident Inspector, H. G. Jack.

Hereford—4, North Villas Road. Resident Inspector, H. G. Dowding.

Hull—Thorncliffe Chambers, Scale Lane. District Manager, Harry C. Townend.

Inverness—35, Queensgate. Resident Inspector, J. F. Shepherd.

Ipswich—34, Princes Street. District Manager, Murray G. Ralph.

Lancaster—71, Church Street. Resident Inspector,

Leeds—City Chambers, Infirmary Street. District Manager, F. T. Jackson.

Leicester—Chancery Chambers, 22-4, Pocklington's Walk. Resident Inspector, C. W. Stevenson.

Liverpool—5, Chapel Street. District Manager, C. H. Newport.

Londonderry—5, Castle Street. Resident Inspector, J. E. Elkin.

Maidstone—57, St. Luke's Road. Resident Inspector, H. W. Jessett.

Manchester—Ship Canal House, King Street. District Manager, Frank Travis.

Middlesbrough—44, Albert Road. Resident Inspector, R. A. Bishop.

Newcastle-on-Tyne — Standard Chambers, Neville Street. District Manager, J. F. Challice.

Newport—4, Skinner Street. Resident Inspectors, N. T. Smith and S. G. Evans.

Nottingham—14, Low Pavement. District Manager, E. Brewill.

Paisley—7, High Street. Resident Inspector, A. J. Macpherson.

Plymouth—1a, Bank of England Place. District Manager, W. H. Goold.

Preston—Westminster Bank Buildings, Fishergate. Resident Inspector, Frank Roberts.

Reading—37, Friar Street. Resident Inspector, C. H. Wilkins.

Sheffield—57, Surrey Street. Resident Inspector, G. Leonard.

Sherborne—Half Moon Street. Resident Inspector, Ronald H. White.

Shrewsbury—40, Castle Street. Resident Inspector, Albert R. Taylor.

Southampton—5, Hanover Buildings. Resident Inspector,

Sunderland—56, John Street. Resident Inspector, G. W. Graham.

Swansea—Castle Buildings, Castle Street. Resident Inspector, H. M. Hands.

Taunton—10, Hammet Street. Resident Inspector, R. G. Lawton.

Truro —The Old Mansion House, Quay Street. Resident Inspector, V. W. R. Nation.

Wolverhampton—44-6, Lichfield Street. Resident Inspector, W. W. Pritchard.

APPENDIX "D."

Principal Events in the Corporation's History.

In a current narrative, such as the foregoing, it is not possible to mention all the facts, especially the personal changes, which deserve recording in the history of the Corporation. The subjoined chronological list of notable events in the Corporation's life, year by year is taken, as up to the year 1902, from the issue of "Our Record" for May, 1906, and for the years from 1904 onwards has been compiled in the Corporation's offices for the purpose of this volume :—

1880.—The Certificate of Incorporation is dated the 25th October, 1880, and the first Meeting of the Subscribers of the Memorandum of Association was held on Thursday, 30th December, 1880.

The Capital originally was £1,000,000 divided into 50,000 shares of £20 each, but by resolution before the issue of the Prospectus this was altered to 100,000 of £10 each. Of these 100,000 shares 50,000 were issued with £2 per share called up. The Allotment was made on 21st March, 1881, and in the same month business was commenced in temporary offices in Lothbury.

1881.—The first board meeting was held 10th March, 1881, at which Lord Claud Hamilton presided.

The first policy issued bears date 12th May, 1881, covering liability under the Employers' Liability Act, 1880.

In August, 1881, offices were taken at 84 and 85, King William Street, which Corporation occupied for for nearly 20 years.

1882.—The first annual meeting was held on Thursday, April 27th, 1882, at which the accounts to 31st March previous were presented to the shareholders. The premium income for nine months to that date was £35,706.

1883.—The Corporation opened the first Colonial branch in Canada with headquarters at Montreal.

1884.—Agencies were established in New South Wales and South Australia.

1885.—It was decided to accept the reinsurance of Fire Risks, and Mr. W. W. Wainwright was appointed Fire Superintendent.

1886.—In this year the branch in the United States of America was established. Messrs. Endicott and Macomber, as managers and attorneys, opened offices in Boston, Massachusetts, and the Corporation became, as in England, the pioneer of liability business in America.

In this year a Select Committee sat to enquire into the working of the Employers' Liability Act, 1880, and the following year a Bill was introduced into the House of Commons to amend the Act, but was not passed.

1888.—Saw the commencement of business on the Continent by the establishment of a branch in Holland with head quarters at Amsterdam.

Mr. W. E. Gray entered the service of the Corporation.

1889.—An amending Employers' Liability Bill failed to pass the House of Commons.

1890.—Another Bill to amend the Employers' Liability Act, 1880, was introduced in the House of Commons, but did not become law.

Mr. Wm. J. Ralph entered the service of the Corporation.

1891.—The extent of the Corporation's accident and liability business and the development of the various foreign and colonial agencies, convinced the Directors that the energies of the Corporation were best employed in that direction, and in this year the fire reinsurance business was discontinued.

In this year the Directors resolved to issue a further 25,000 shares, and, in view of the prosperous condition of the Corporation's business, were able to do so at a premium of £1 per share.

1893.—Anticipated extension of the Employers' Liability Act, 1880, again failed to become law. Extensions were made, however, in the Corporation's business by opening up Branches in South Africa and in Sweden.

1896.—The Holland Branch was extended so as to include Belgium, which in the following year became a separate Branch with offices in Brussels.

1897.—In 1897 Denmark was opened up with offices at Copenhagen.

1898.—In this year the Workmen's Compensation Act came into operation.

1900.—On the retirement of Mr. F. Stancliffe, Messrs. Griffin and Woodland appointed Managers for Canada.

1902.—A separate Branch was established for Cape Colony and Natal with offices in Cape Town.

1904.—Mr. Charles F. Adams, Treasurer of Harvard College, appointed member of Boston (U.S.A.) Executive Committee.

Messrs. J. W. & B. Walsh appointed General Agents for Cape Colony and Natal.

1905.—Twenty-fifth Anniversary of commencement of the Corporation.

Employers' Liability Building, Broad and Water Streets, Boston, U.S.A., completed and occupied by Corporation.

1906.—Issue of 25,000 shares of £10 each, £2 paid, at £7 10s. each.

1907.—The Corporation re-enter Fire Insurance field. Mr. T. E. Keysell was engaged as Manager of Fire Department.

Purchase by the Corporation of business of the United Kingdom branch of the Preferred Accident Insurance Company of New York.

Mr. W. D. Baldwin (President of The Otis Elevator Co.) appointed a member of the United States Advisory Board.

Mr. W. E. Gray appointed Secretary and Assistant Manager.

1908.—Mr. C. L. Edgar (President of The Edison Bell Electric Ill. Co. of Boston) appointed to United States Executive Committee.

Death of Mr. Henry Chapman, Deputy Chairman of the Corporation for 16 years.

1909.—Death of Mr. C. Turner Room, partner in Messrs. Watsons, Son & Room, Solicitors of the Corporation.

1910.—Licence to transact Fire business in Canada obtained.

Mr. John Jenkins appointed Fire Superintendent for Canada.

NEW PAVILION AT THE SPORTS GROUND, LOWER SYDENHAM.

1920.—Mason Building, Boston, U.S.A., purchased, the site on which the "Samuel Appleton" Building has now been erected.

Shares of the Corporation split 10 for 1 and call of 1s. per share made and satisfied from profits. Each share of £10, £2 paid, thus becoming 10 shares of £1 each, 5s. paid.

Mr. T. E. Keysell and Mr. W. E. Taylor appointed Assistant Managers.

The Corporation acquired the shares of the Clerical, Medical & General Life Assurance Society.

1921.—Sir Samuel Hoare, Bt., appointed Deputy Chairman. Mr. Wm. J. Ralph appointed Secretary.

Issue of 300,000 shares of £1 each, 5s. paid.

Death of General F. V. Greene of the United States Advisory Board.

Formation of Employers' Fire Insurance Company in the United States.

Formation of Ella Sports Club. Ground rented at Lower Edmonton.

Death of Mr. W. E. Taylor, one of the Assistant Managers of the Corporation.

1922.—Appointment of Mr. Charles D. Hilles, late confidential Secretary to President Taft, as Branch Manager for New York, U.S.A., following retirement of Mr. Edmund Dwight from New York Agency of Dwight & Hilles.

Mr. Roger Pierce appointed to United States Executive Committee.

Sir Samuel Hoare, Bt., retired from Board on his appointment as Secretary of State for Air.

1923.—Death of Mr. J. Lowell and Mr. W. A. Butler of United States Advisory Board.

Formation of American Employers' Insurance Company in the United States.

Ground at Lower Sydenham purchased for the Ella Sports Club.

1924.—Sir Samuel Hoare, Bt., reappointed Director and Deputy Chairman, which position he later relinquished on his appointment as Secretary of State for Air.

Appointment of Mr. R. J. Crowe as Assistant Secretary.

Appointment of Mr. Edward C. Stone as Associate United States Manager.

1925.—Death of Lord Claud Hamilton, first Chairman of the Corporation.

Sir Edward Ward, Bart., G.B.E., K.C.B., K.C.V.O., elected Chairman, and Sir Joseph Broodbank, Deputy Chairman.

Appointment of Mr. John Jenkins as Assistant Manager of Canadian Branch.

1926.—Death of Mr. E. Shirley Chapman, late Australian Manager.

Death of Mr. H. E. Edwards, late Superintendent of General Accident Dept.

Opening of Corporation's new Home in Boston, U.S.A., named the " Samuel Appleton " Building.

Resignation of Mr. Samuel Appleton as United States Manager and his election to United States Executive Committee.

Death of Mr. Samuel Appleton.

Mr. Edward C. Stone appointed United States Manager and Attorney and Messrs. F. P. Horton and A. B. Poor, Assistant Managers.

1928.—Appointment of Mr. T. E. Keysell as Deputy General Manager, Mr. Wm. J. Ralph as Assistant Manager and Secretary, Mr. R. J. Crowe as Assistant Manager and Mr. S. H. Palmer as Agency Manager.

Death of Sir Edward Ward, Bart., G.B.E., K.C.B., K.C.V.O., Chairman of Corporation.

Sir Joseph Broodbank appointed Chairman and Sir Courtauld Thomson, K.B.E., C.B., Deputy Chairman.

Formation of Employers' Group Associates in the United States and sale to them by Corporation of Shares of Employers' Fire Insurance Co. and American Employers' Insurance Co.; 100,000 new Corporation shares issued to Employers' Group Associates at £4 each.

Mr. A. C. Ratshesky, President of the United States Trust Co. of Boston, Mass., appointed to United States Finance Committee, on resignation of Mr. Roger Pierce.

1929.—Appointment of Mr. Charles Francis Adams, of the United States Executive and Finance Committees, as Secretary to United States Navy.

Sir Samuel Hoare, Bt., reappointed a Director.

Death of Mr. C. A. H. King, late Chief Accountant.

1930.—Erection of New Pavilion on the Sports Ground to commemorate the Corporation's Jubilee.

Sir Philip Waterlow, Bart., completes 50 years' service on the Board.

Death of Mr. Frank G. Webster, late Trustee of the Corporation in the United States.

Appointment of Mr. A. C. Ratshesky, of the United States Finance Committee, as United States Minister to Czecho-Slovakia.

Death of Mr. W. D. Baldwin, of the United States Advisory Board.

APPENDIX "E."

Some Historic Documents.

On the following pages are facsimile reproductions of some of the earliest documents now in the possession of the Corporation, throwing light upon its history.

These include :—

1.—The original Prospectus of the Corporation for the issue of Shares, which bears also a copy of the Memorandum of Association, dated 1st March, 1881.

2.—The first Policy issued by the Corporation, in favour of Mr. Frederick Parke, under date of 12th May, 1881, and

3.—The second Policy, issued in favour of Mr. J. Peter Piper, of Bedford, dated 18th May, 1881.

The first two of the above documents have already been spoken of in the early pages of this volume (see Chapter Two) and the last is a personal accident policy for £1,000 in case of death, £6 a week in case of total disablement, and £1 10s. a week in case of partial disablement. It will be noticed that it bears the signature of Sir Philip Waterlow, who is still an active Member of the Board.

THE

EMPLOYERS' LIABILITY ASSURANCE CORPORATION, LIMITED.

Registered pursuant to the Companies Acts, 1862—1880.

LIABILITY LIMITED TO THE AMOUNT OF THE SHARES.

CAPITAL, £1,000,000, in 100,000 Shares of £10 each.

FIRST ISSUE OF 50,000 SHARES,

10s. per Share payable on Application;
10s. per Share on Allotment.
£1 per Share three months after Allotment.

No further Call is contemplated.
Should no Allotment be made, the Deposit will be returned in full.

Directors:

Chairman—LORD CLAUD J. HAMILTON, M.P., Deputy-Chairman Great Eastern Railway.

C. F. H. BOLCKOW, Esq., Chairman Bolckow, Vaughan & Co., Limited, Middlesbro'.

HENRY CURRER BRIGGS, Esq., Chairman Henry Briggs, Son & Company, Limited, Whitwood Collieries, Normanton, Leeds.

ARTHUR B. FORWOOD, Esq. (Messrs. Leech, Harrison & Forwood, Liverpool).

SIR STUART S. HOGG, Director General Steam Navigation Company.

HENRY W. MAYNARD, Esq., Director London & St. Catherine's Dock Co.

ROBERT MILBURN, Esq., Director City of London Brewery Company, Limited.

PHILIP H. WATERLOW, Esq., Chairman Waterlow and Sons Limited.

Directors in Scotland.

W. HALDEN BEATTIE, Esq. (Messrs. William Beattie & Sons, Builders), Edinburgh.

JAMES HAMILTON, Esq. (late of Barclay, Curle & Co., Shipbuilders), Treasurer to the Corporation of Glasgow.

JOHN K. WATSON, Esq., Manager Edinburgh Gas Light Company.

JOHN YOUNG, Esq. (Messrs. Edington & Sons), Phœnix Iron Works, Glasgow.

With power to add to their number.

It is proposed to form Local Boards in other principal Centres of industry throughout the Kingdom.

Bankers:

THE NATIONAL PROVINCIAL BANK OF ENGLAND, LIMITED, 112, Bishopsgate Street, London, and Branches.
THE CLYDESDALE BANKING COMPANY, Glasgow, and its Branches.

Brokers:

W. CUTHBERT QUILTER, Esq., 14, King's Arms Yard, London, E.C.
Messrs. MITCHELL, WATSON & WINK, 75, St. George's Place, Glasgow.

Solicitors:

Messrs. WATSON, SONS & ROOM, 12, Bouverie Street, Fleet Street, London, E.C
Messrs. MONCRIEFF, BARR, PATERSON & Co., 45, West George Street, Glasgow.

Auditors:

Messrs. QUILTER, BALL & Co., 5, Moorgate Street, E.C.

Consulting Actuary:

WILLIAM FARR, Esq., M.D., C.B., F.R.S., &c.
(Late Chief of Statistical Department of the General Register Office).

Secretary (pro tem.):
J. WHITTALL, Esq.

Temporary Offices:
41, COLEMAN STREET, LONDON, E.C.

PROSPECTUS.

The primary object of this Corporation is to enable Employers to protect themselves by means of Insurance against the liability imposed upon them by the Employers' Liability Act, 1880; and its necessity is already amply proved by the numerous applications for rates received since its registration, from some of the largest and most influential Firms in the kingdom.

The establishment of this Company will enable Employers to dispense with the necessity of endeavouring

THE ORIGINAL PROSPECTUS OF THE

to arrange with their workmen to contract themselves out of the Act, and, by offering insurance facilities to both masters and men, will solve a question which has already caused a certain amount of ill-feeling between them.

Employers of labour of every description, from and after the 1st day of January, 1881, are held liable to make compensation for personal injuries suffered by workmen in their service from any of the causes specified by the Statute, which enacts as follows:—

"*Where, after the commencement of this Act, personal injury is caused to a workman:—*

"(1) *By reason of any defect in the condition of the ways, works, machinery, or plant, connected "with, or used in the business of, the employer; or,*

"(2) *By reason of the negligence of any person in the service of the employer, who has any "superintendence entrusted to him, whilst in the exercise of such superintendence; or*

"(3) *By reason of the negligence of any person in the service of the employer to whose orders or "directions the workman at the time of the injury was bound to conform, and did conform, "where such injury resulted from his having so conformed; or,*

"(4) *By reason of the act or omission of any person in the service of the employer, done or made in "obedience to the rules or bye-laws of the employer, or in obedience to particular instruc- "tions given by any person delegated with the authority of the employer in that "behalf; or,*

"(5) *By reason of the negligence of any person in the service of the employer who has the charge "or control of any signal, points, locomotive engine, or train upon a railway,*

"*the workman, or in case the injury results in death, the legal personal representatives of the "workman, and any persons entitled in case of death, shall have the same right of compensation and "remedies against the employer as if the workman had not been a workman of, nor in the service of, "the employer, nor engaged in his work.*"

In case of any such personal injury to a workman, the employer is liable to the extent of three years' earnings, and thus it will be seen that the pecuniary responsibility imposed upon an employer by this Act is wide in extent and serious in nature.

As there must occur many accidents for which the employer will clearly not be responsible under the Act, the Corporation will also insure against all accidents, without regard to the question of whether or not the employer would be liable under the Act. The Corporation also propose to undertake Accidental Insurance in all its branches, including the payment of periodical sums to Employés and others temporarily incapacitated through accident.

Of all classes of securities few have been so profitable to investors as Insurance shares. An Insurance Company is exceptionally constituted for the conduct of a safe and profitable business; support once secured is seldom lost, and the premiums are a steady source of annual income. It is not intended that this Corporation shall do the ordinary Life or Fire but only Accident business, for which there exists a vast field occupied but to a limited extent.

The liability of employers to their workmen, though new to the United Kingdom, has long been recognized by the laws of several foreign countries, and Insurance Companies to provide against such liability have for years past been in operation on the Continent. The following Table will show the amount paid and present market price of the shares of some of the principal Companies doing this class of business, and also gives examples of some of the leading Accident Companies in this country.

Name of Office.	Established.	Paid-up per Share.	Present Market price.	Name of Office.	Established.	Paid-up per Share.	Present Market price.
		£	£			£	£ s. d.
Le Soleil (Accident Company)...	1865	5	13	Société Suisse (Accident Company)	1875	8	16 10 0
L'Union Industriel „ ...	1876	5	20	Zurich Accident „ ...	1872	8	15 0 0
Compagnie Générale „ ...	1876	5	10	Railway Passengers „ ...	1849	1	7 10 0
Rhenania „ ...	1867	15	35	Lancashire & Yorkshire „ ...	1877	1¼	3 5 0

The Employers' Liability Assurance Corporation being admittedly a necessity, and embracing so large a branch of Insurance business, may confidently be presumed to offer the opportunity for sound and profitable investment.

Dr. Farr, the eminent Actuary, is preparing scales of rates with the object of ensuring, on the one hand, the permanent stability and prosperity of the Corporation, and on the other, the approbation and support of the Assured. The Board also intend to avail themselves of the experience acquired by the various Companies above mentioned.

Policies will be issued for one year or for a shorter period, and will be terminable or renewable in the ordinary way.

The only Contract entered into is one dated 23rd February, 1881, between the Corporation of the one part and Frederick Bernard Harper of the other part, providing for the payment of three-quarters per cent. on the nominal Capital of the Company to cover all Preliminary Expenses of every kind up to allotment, including Solicitors' and Brokers' charges, and the same can be inspected at the Offices of the Solicitors of the Corporation.

Prospectuses and Forms of Application for Shares can be obtained at the Offices of the Corporation, and of the Brokers, Bankers, and Solicitors.

Temporary Offices: 41, Coleman Street, London, E.C.
1st March, 1881.

THE

EMPLOYERS' LIABILITY ASSURANCE CORPORATION, LIMITED.

PROSPECTUS.

Temporary Offices:
41, Coleman Street, London, E.C.

COPY OF MEMORANDUM OF ASSOCIATION

OF

THE EMPLOYERS' LIABILITY ASSURANCE CORPORATION, LIMITED.

1.—The name of the Company is "The Employers' Liability Assurance Corporation (Limited)."

2.—The registered offices of the Company will be situated in England.

3.—The objects for which the Company is established are:—

A. To grant, make, effect, or procure insurances to protect principals and employers, and otherwise to indemnify principals and employers from or against liability by reason of injury, damage, or loss occurring to or caused by agents, servants, and workmen, or other employés in their employ or acting on their behalf.

B.—To grant, make, effect, or procure insurances to protect principals and employers, and otherwise to indemnify principals and employers from or against injury, damage, or loss by reason of the fraud or other misconduct of persons in their employ or acting on their behalf.

C.—Subject to a special resolution or special resolutions of the Corporation in this behalf first passed, to do, undertake, carry out, or assist in all or any of the following things and matters, namely:—

I. To grant, make, effect, or procure insurances against or upon the contingency of injury, damage, or loss by reason of accidents of any description to human beings, horses, cattle, and other animals, or real or personal property of any kind.

II. To grant, make, effect, or procure insurances against or upon the contingency of injury, damage, or loss caused by or resulting from fire, explosion, lightning, or the overflow or inundation of water

III. To purchase, acquire, or take over the business or goodwill, or any part or parts thereof, of any corporation, company, or association already formed for the same or similar objects, or any or either of them, or in any way approximating thereto, and as incidental thereto to acquire, hold, retain and dispose of any shares, debentures, or other interest in any such corporation, company, or association, and to issue or transfer shares, debentures, or other property of the Company to any person or persons, and generally to carry out and effectuate such purchase or acquisition upon any terms and in any manner which the Company may approve of.

D.—For or as incidental to the above objects and the attainment thereof, or any of them, to do, undertake, carry out, or assist in the following matters and things, namely:—

I. To effect re-insurance.

II. To pay any sum or sums of money, either lump sums or by way of annuity, or otherwise.

III. To enter into any contracts and other arrangements with any person or persons, association, company, or corporation.

IV. To bring, prosecute, carry on, defend, or compromise, in the name of any person or persons, association, company, or corporation, any action, petition, or other legal proceeding, civil or criminal.

V. To grant loans by assurance or otherwise, and to make, issue, and grant debentures and other securities.

VI. To purchase, lease, acquire, sell, and otherwise dispose of any property, real or personal.

VII. To acquire, hold, cancel, or re-issue shares in the Corporation.

VIII. To take deposits for short or long periods upon such terms as may from time to time be determined, and to make temporary advances of money to the assured or other person or persons upon their promissory notes or bills of exchange, or such other security as the Directors may from time to time approve of.

E.—To do, undertake, and engage in all such acts, matters, or things as may be incidental or conducive to the attainment of the above objects or any of them.

4.—The liability of the members is limited.

5.*—The nominal capital of the Company is £1,000,000, divided into 50,000 shares of £20 each, with power to divide the shares now created, and all or any other shares of which the capital for the time being of the Corporation shall consist, into different series, and to give to all or any of such shares, prior to the issue thereof, any preference guarantee or privilege which the Corporation may in General Meeting determine.

* By Special Resolution the Capital has been divided into 100,000 Shares of £10 each.

FORM OF APPLICATION FOR SHARES.

To be sent to and retained by the Bankers; The National Provincial Bank of England, Limited, 112, Bishopsgate, London, E.C., and Branches; or the Clydesdale Banking Company, Glasgow and Branches.

To the Directors of the

EMPLOYERS' LIABILITY ASSURANCE CORPORATION, LIMITED,

London.

GENTLEMEN,

Having paid to your Bankers the sum of £_____ being a deposit of ten shillings per Share on_____£10 shares in the above Company, I hereby request that you will allot me that number, and I agree to accept such Shares, or any smaller number you may allot me, and to pay for the same according to the terms of the Prospectus.

Name in full _____

Residence _____

*Profession or Business*_____

*Date*_____ 1881.

BANKERS' RECEIPT FOR DEPOSIT.

(To be signed by the Bankers and returned to the Applicant.)

Received, this _____ day of_____ 1881,

of _____ the sum of

Pounds, being a deposit of ten shillings per Share on

£10 Shares in the EMPLOYERS' LIABILITY ASSURANCE CORPORATION, Limited, London.

FOR THE

£_____Stg.

THE EMPLOYERS' LIABILITY ASSURANCE CORPORATION LIMITED

ESTABLISHED MDCCCLXXI

POLICY

No. [redacted]

84 & 85, KING WILLIAM STREET, LONDON, E.C.

PREMIUM

£ [redacted]

PAYABLE 12th May annually

Whereas Frederick Parkin of the Rothwell Fire Clay Works, Near Chorley, Lancashire Brick and Tile Makers,

hereinafter called the Employer hath by a proposal dated 6th May 1881 applied to the EMPLOYERS' LIABILITY ASSURANCE CORPORATION, LIMITED, hereinafter called the Corporation, for an indemnity against all such claims as hereinafter mentioned for compensation for personal injuries caused to workmen in his service in any of the occupations mentioned in the Schedule hereto, and hath paid to the Corporation the sum of Five Pounds seven shillings and Threepence as the premium for such indemnity for twelve calendar months from the Twelfth day of May 1881

Now it is hereby agreed as follows —

The Corporation, so far as regards injuries caused during the period covered by the premium so paid as aforesaid, or any further period in respect of which the Corporation shall accept a premium or premiums, shall pay to the Employer all sums which such Employer shall become liable for under or by virtue of the Employers Liability Act, 1880, as and for compensation for personal injury caused to any workman in his service while engaged in the Employer's work in either of the occupations and at any of the places mentioned in the Schedule hereto, such payment to be made within one calendar month of the receipt by the Directors of the Corporation of evidence satisfactory to them of such liability

Provided always, That this Policy and the Covenant to indemnify herein contained are subject to the conditions endorsed hereon, which are hereby agreed to be conditions precedent to the right of the Employer to sue or recover hereunder

Sealed with the Common Seal of the Corporation this Twelfth day of May One thousand eight hundred and eighty one —

Directors

Secretary.

THE FIRST TWO POLICIES, W.1, G.1,

THE EMPLOYERS' LIABILITY ASSURANCE CORPORATION, LIMITED.

CAPITAL £1,000,000

FIRST ISSUE FULLY SUBSCRIBED £500,000

POLICY

PREMIUM

No. [redacted] 84 & 85, KING WILLIAM STREET, LONDON, E.C. £ [redacted]

PAYABLE 15th May Annually.

Directors.

Chairman—LORD CLAUD J HAMILTON, M P

C F H BOLCKOW, Esq (Chairman, Bolckow Vaughan & Co, Limited,) Middlesbro'
ANTHONY BOWER, Esq (Geo Forrester & Co.,) Liverpool
HENRY CHAPMAN, Esq, C.E., 123, Victoria Street Westminster
ARTHUR B PEARSON, Esq (Leech, Harrison & Norwood,) Liverpool
W H MAUDSLAY, Esq (Maudslay, Sons & Field, Lambeth
HENRY W MAYNARD, Esq (Director, London and St. Katherine Dock Company)
ROBERT MILBURN, Esq (Director-City of London Brewery Co, Limited).
LEOPOLD SALOMONS, Esq 14, Queen Street, Mayfair
CHARLES THOMAS, Esq (Director, Midland Railway)
PHILIP H WATERLOW, Esq (Chairman Waterlow & Sons, Limited).
JOHN G. WATSON, Esq (Stones, Watson & Co.,) 18 Finsbury Street, E.C.
ROBERT OWEN WHITE, Esq (late of J Bailey White & Brothers).

SUM ASSURED, PAYABLE IN CASE OF DEATH, ... £ 1000 — —
WEEKLY COMPENSATION WHILE WHOLLY DISABLED, ... £ 6 - - s - d.
WEEKLY COMPENSATION WHILE PARTIALLY DISABLED, ... £ 1 - 10 s. - d.

Whereas James Peter Piper of Dame Alice Street, Bedford, Solicitor

hereinafter called "the Assured," desires to effect an Assurance against Accidents with the EMPLOYERS' LIABILITY ASSURANCE CORPORATION, LIMITED, to the sum of One thousand Pounds and has signed and delivered to the said Corporation a Proposal or statement in writing stating, among other things, his age and occupation, and which Proposal the said Assured has agreed shall be the basis of this contract. And whereas the Assured has paid to the said Corporation the sum of £3 7 6 as a premium for the proposed Assurance for Twelve calendar months from the date hereof

Now it is hereby agreed, that if at any time before the expiration of Twelve calendar months from the date of this Policy, or at any time thereafter during any period in respect of which the Assured shall pay, and the said Corporation shall consent to receive, a premium the Assured shall sustain any personal injury, caused by accident within the meaning of this Policy and the Conditions hereto, and if such injuries shall be the immediate cause of his death within three calendar months from the date of his sustaining the same, then the said Corporation shall pay the sum of £ 1000 — to the legal representatives of the said Assured, within one calendar month after such death and the cause thereof shall have been proved to the satisfaction of the Directors, and such reasonable verification of the Statements in the above-mentioned Proposal as they shall require, and such Information as is required by the Conditions hereto shall have been furnished. And that if the Assured shall meet with non-fatal bodily injury, caused by accident within the meaning of this Policy and the Conditions hereto, and shall, as the direct consequence thereof, be wholly and entirely disabled, then, on proof of such injury and the cause thereof as aforesaid, and of such consequent entire disablement, satisfactory to the Directors, and such information as aforesaid being furnished, the Corporation, subject as aforesaid, shall pay to him the sum of £ 6 - - per week for the period during which such entire disablement shall continue, or so soon as the aggregate amount shall have been ascertained, as provided by the Conditions hereto or agreed upon, a sum as compensation at the rate of £ 6 - - per week for the period during which such entire disablement shall continue, or so case and so long as any such injury shall not wholly and entirely disable the Assured but shall partially disable him and if he shall have paid an extra premium to assure against partial disablement, but not otherwise, the said Corporation shall on the termination of such partial disablement, or so soon as the aggregate amount shall have been so ascertained as aforesaid or agreed upon, pay him a sum at the rate of one-fourth of the sum payable per week for entire disablement, provided that the said Corporation shall not be liable to pay either for entire or partial disablement or for both, for a longer period than twenty-six weeks altogether in respect of any one accident, and in the event of death all sums paid in respect of disablement due to the accident which was the cause of death, shall be reckoned as paid on account of the amount assured.

Provided always, that this Policy and the Assurance hereby made shall be subject to the several conditions, restrictions, stipulations and notices endorsed hereon in like manner as if the same were respectively repeated and incorporated herein. And that if the aforesaid Proposal or any statements therein contained or referred to is or are untrue in any respect, or if there be any material fact affecting the nature of the risk, whether in relation to the occupation of the Assured or otherwise, omitted therefrom, or if this Policy or any renewal thereof has been obtained through any misrepresentation, suppression, or untrue statement whatsoever, or if in any statement or declaration made in support of any claim there shall be any untruth or suppression, or if the Assured shall become lunatic or insane, or shall, without the permission of the Directors duly endorsed hereon, go out of Europe (except in passing from one port of Europe to another in a decked vessel and in time of peace), or enter the naval, military commissariat, or police service, or change his occupation for or engage in one more hazardous than that stated in the said Proposal, then this Policy shall be absolutely void, and all premiums paid in respect thereof shall be forfeited to the Corporation.

In Witness whereof the said Corporation have caused their Common Seal to be hereunto affixed, and we, the undersigned, two of the Directors of the said Corporation, have hereunto set our hands this 18th day of May One Thousand Eight Hundred and Eighty one

Examined

Secretary.

Directors.

ISSUED BY THE CORPORATION.

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